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EDITORIAL COMMENT

Our American Mayors In this issue we print an article on "Jimmy" Walker, New York's mayor-at-large, by Joseph McGoldrick of Columbia University. The article is a fair appraisal of the first three years of Mayor Walker's administration, and is fraught with interesting glimpses of His Honor as a "Prince Charming, who reigns but does not rule." Professor McGoldrick was the author of the article on Mayor Hylan which initiated our series several months ago.

In connection with the article on Mayor Walker, the reader should peruse Professor McGoldrick's excellent discussion of "The New Tammany," which is the leading contribution to the September number of *The American Mercury*.

In November we hope to publish an article on "Big Bill" Thompson of Chicago.

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The Tax Situation in Chicago We continue this month the discussion of "The Tax Situation in Chicago," by Professor Herbert D. Simpson of Northwestern University, which began in the September issue. This is one of the best series of articles published in the REVIEW for some time. The series will be concluded next month, with a narrative account of the legislative and judicial struggles which finally culminated in the court order for a reassessment of all Chicago property. At the conclusion of the series, all will be reprinted and made available for distribution in pamphlet form.

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Federal Aid to the States As a supplement to this issue, we offer the report of the League's committee on Federal Aid to the States. The report has been prepared by Professor Austin F. MacDonald of the University of Pennsylvania, chairman of the committee, and the author of a book on the same subject which has been issued recently by Crowell. The report is a worth-while contribution to the literature on the subject of federal aid.

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New Department We are resuming this month the department of notes on Municipal Activities Abroad, which were formerly a feature of the REVIEW. This department is edited, as formerly, by Dr. W. E. Mosher, managing director of the School of Citizenship and Public Affairs, Syracuse University.

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Laboratory Work in Municipal Government The article by Professor O. Garfield Jones, of Toledo University, on this subject is a timely

contribution to the literature of teaching methods in municipal government, and will be read with interest by all students and teachers of the subject, particularly by the newly-appointed League committee on teaching municipal government of which Professor Jones is a member.

The Ohio Woman Voter in April, 1927, published an article by Professor Edward F. Dow, of Western Reserve University, on the subject of "University Training for Citizenship." With reference to Professor Jones' teaching methods at Toledo University, Professor Dow says in part:

> The department is constantly experimenting, and we believe, progressing, in an effort to teach not only what should be, but what actually is. In our course on practical politics we adopted this year a method of precinct study used successfully by Professor Jones of Toledo University. One month before election each student chooses an election precinct for special research, preferably the one in which he lives. He is given a series of questions, and instructions as to assembling material in the report. The questions include the drawing of a map of the precinct; following of pre-election activity (rallies, publicity methods, etc.); finding out how the voter is urged to register, vote, and how the voter is influenced; city and county organization (party structure); and names and methods of selection of election officials, ward and precinct leaders.
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> If the work is done at all, the student is bound to know more of local politics and candidates than ever before. To many it proves a veritable revelation. A precinct leader becomes a living, breathing actuality rather than a textbook myth. Interviews with bosses, clippings from the newspapers, campaign literature, are all worked into the report, often with shrewd analysis or comment. The reports prove fascinating and instructive to the teacher as well as to the student. Political trickery and machinations stand exposed, alongside the legal and ethical endeavors of the parties and their leaders in the locality. Students derive satisfaction as well as benefit from the personal contacts and political lore unearthed. Ample scope for originality, enterprise and neatness are found in assembling and interpreting material in final form. As a final test of the student's thoroughness, a forecast of the election is required. All the materials are brought together in a loose-leaf notebook and handed in on election day. The best report out of fifty-six handed in on November 2, 1926 was the result of the enterprise, skill and ingenuity of a student at the College for Women.

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Convention of the American Municipal Association

The American Municipal Association will hold its fifth annual convention in Richmond, Virginia, November 12, 13, and 14. The proceedings of the convention will be summarized in a later issue.

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Annual Meeting of the Proportional Representation League

The Proportional Representation League will hold its annual meeting in Cincinnati on the evening of October 17, the final day of the joint convention of the National Municipal League, Government Research Association, and National Association of Civic Secretaries. The meeting will be preceded by a dinner beginning at 6.30 P.M. at the Hotel Sinton. The following have been invited to deliver short addresses at this meeting: Hon. Murray Seasongood, mayor of Cincinnati; Colonel C. O. Sherrill, city manager of Cincinnati; Henry Bentley, chairman of the Cincinnati city charter committee; Miss Agnes Hilton, president of the Ohio League of Women Voters; Alfred Bettman of Cincinnati; and Dr. A. R. Hatton.

OUR AMERICAN MAYORS

XII. "JIMMY" WALKER

BY JOSEPH McGOLDRICK

Department of Government, Columbia University

The Prince Charming who reigns but does not rule in New York —and how. :: :: :: :: :: :: :: :: ::

"JIMMY" WALKER is one of the accidents of politics. A born politician—he was never born to be a mayor. If for anything, nature intended him for an actor or a sportsman. Some day he may find himself czar of baseball—a job for which his temperament, his affability and his training admirably fit him.

WALKER FANS HYLAN WITH THE BASES FULL

When the batteries were being picked for the 1925 game with the formidable John F. Hylan, the latter was in the height of form. He was the heaviest slugger Hokum had produced. The ease with which he was shut out in that memorable encounter may suggest that he was greatly overrated. But when his name was whispered in the Tammany clubhouse that summer the Braves fairly trembled. To stop Hylan required not steam but speed, and "Jimmy" is nothing if not fast. They needed somebody to fire the imagination of the bleachers and grandstands. And so the elder boxmen, whom Coach Smith longed to put in, were left to warm the benches, and Manager Olvany sent the youngster in.

Jimmy has been hit pretty freely last season and this. Bill Schieffelin and Bill Bullock have scored on him repeatedly. But they have never been able to bunch their hits and drive him from the box. Many a time, perhaps, Coach Smith has wished he could send him to the showers. He balked badly when Kelby, "the milkman," was on first. He let Connolly steal home. Hedley's subway play caught him napping. And he certainly has kept the Tammany outfield busy chasing long drives. But everything points to his finishing a full nine innings. He is popular with his teammates. He has good press support. And when occasionally he fans one of the Reformers, the stands fairly rock.

All of which means merely that Walker was chosen, against the better judgment of some of the political leaders of the city, because in the hard contest that was anticipated in the primary with Hylan it was thought necessary to have not only the acquiescence but the eager enthusiasm of "the boys," the rank and file of the party workers, upon whom the winning of the primary so frequently depends. Jimmy was "one of the boys." The public knew almost nothing about him except that he looks quite young (which he really isn't, unless you think 47 young) and that he looked quick and keen, which certainly Hylan didn't.

Walker *is* keen—at times remarkably so. In a sense, if another slang phrase may be pardoned, he gets by on his wits. In the state legislature where he was for several years senate leader, and now in the board of estimate, his ability to catch "on the fly" a subject about which he had little or no previous knowledge, adroitly creating his case out of

the mouths of his opponents, has been little short of amazing. His lack has been of the soberer qualities of industry and penetration. He hates reports, and he hates quiet. He revels in *vis à vis* controversy.

THE "LATE" MAYOR

He is almost never on time. The nation gasped when he was thirty-five minutes late for an appointment with President Coolidge, but it was nothing unusual for "Jimmy." He prides himself on never answering a letter. While he can read and write it would appear that he seldom if ever does either. He boasts that he never reads a newspaper. At a board of estimate meeting last year, the mayor complained that the park department had no program for spending the million dollars it was asking. An engineer of the department protested that the details were fully set out in his report. Said his honor: "If I spent all my time reading reports I'd have to go without eating or sleeping. I can't be expected to go through filing cases for every bit of information I want. That's why I want my commissioners to come before me here so I can get information clearly and quickly."

Everything he does is done extemporaneously. This trait has made him tolerant and good-humored. He is never afraid to get into an argument.

THE MAYOR'S ORIGIN AND BACKGROUND

"Jimmy" was born and reared in Greenwich Village back in the days when they pronounced it as it is spelled, and before the Irish had given way to the Bohemians. His father was an old-time Tammany district leader, a big, good-natured man with a heart of gold and teeth to match. When Borough President Ahearn was removed for misfeasance by Governor Hughes, Walker, Sr., as superintendent of public buildings, was seriously implicated. The son was slight of build—the secret of his perpetual youth. The father was passing rich for his time and place. Many less affluent among "Jimmy's" contemporaries went through college, but he got a job with a music publishing house. His early musical efforts

International Newsreel

MAYOR "JIMMY" WALKER

have been too painfully dinned into the ears of this innocent generation to need mention here. It is said he played professional baseball with a Hoboken team. He was also—perhaps we should say, still is—something of an amateur actor. He was not to be cast for political heavy work, but as an oratorical straight man he found his rôle. Like Hylan he too once worked for the "traction interests," not as motorman but as secretary and treasurer of the New York & Brooklyn R.R.

HIS POLITICAL CAREER

He gravitated, as many of the political small fry do, to the legislature. And like so many others he stayed there, while harder workers, like Smith, Foley and Wagner, mounted to bigger tasks. In 1912 when he was thirty-two, he gained admission to the bar. By this time he was a leading figure in the legislature—the co-author of the Walker-Donohue Boxing Law, the Sunday baseball and Sunday movies laws and others. The New York Giants made him their counsel as did various theatrical and motion picture groups. So also did Swift and Company and other big industrial concerns. His new status at the bar permitted him to receive lucrative references at the hands of Tammany judges.

His big chance came in 1923, one of the infrequent occasions when the Democrats have controlled the state senate. There were twenty-five Republicans that year and twenty-six Democrats—"the double thirteen." Though from an administrative standpoint his performance left something to be desired, he was clever, almost brilliant on his feet. It was at that session that he earned the right in his party and before the people to be considered for his present post.

WALKER CONTINUES HYLAN'S CABINET

The transition from Hylan to Walker at city hall was simple and smooth. In general Walker took up where Hylan left off. There were one or two conspicuously good appointments, notably those of McLaughlin as police commissioner and of Harris as health commissioner—both since resigned. But these were mere white collars for the dirty Hylan shirt. In general Walker was quite content to don the soiled Hylan vestments, and why not? Hadn't Hylan always worn the livery of Tammany Hall? Of the twenty-five commissioners, commonly referred to as the mayor's cabinet—though they never function as such—Walker reappointed twenty. The *New York Times* and *New York Herald Tribune* reported quite casually, while Walker was at Miami in December, 1925, that "he expects to find that a tentative 'slate' has been prepared for him by George W. Olvany, leader of Tammany." It is doubtful if the new administration made a one per cent change in the twelve hundred civil-service-free positions which are exempt from the merit system on the theory that they are vital to the policy of an administration. A few of these holdovers he has been forced to retire. A jail delivery at the Tombs cost one commissioner his job and the Tammany sachem who headed the park department had to be dropped; but others, for example his budget director who had been in the health department during the milk scandals and the street cleaning commissioner, he has tenaciously refused to dismiss. It has been suggested that if he was so innocent as not to have known what was going on around him there, he was not a "natural born" budget guardian. If on the other hand, he had known about the graft, as the investigating judge said was highly probable, it may suggest why the annual budget has increased $150,000,000 during his incumbency.

PROBLEMS CONFRONTING THE WALKER ADMINISTRATION

The political skies have been crowded with problems ever since he took office, but our good mayor basks in the sunshine of unconcern. Less than five per cent of the sewage of this city of 6,000,000 inhabitants receives any chemical treatment. The rest pours in its natural state into the rivers, so that the city may be said to be situated on a

group of islands surrounded by sewers. But for the rigor of the tides, pestilence would long since have decimated us. The problem cannot long be ignored. The city's garbage is towed to sea and dumped. This is both expensive and extravagant. Much of it washes back and annoys the Jersey beaches, so that the United States War Department may, at any time, revoke the permit under which this practice continues. But the task of locating incinerators or reduction plants is distasteful to one who likes to be liked.

The management of the city's hospitals needs reorganization. The city's thirty hospitals are divided among three wholly independent city departments. There are no figures of comparative costs.

Though the $600,000,000 Catskill water system is only just completed, unless new sources are speedily developed there will again be a water shortage. (The mention of water always gets a wisecrack out of "Jimmy.")

Housing is a crying need. There is not a stick of municipal housing in the city. An abundance of credit has already been claimed for a measly one-block project about to be started. There is nothing more in sight.

All of these and numerous other problems were fully ripe when Hylan was booted out of office. Their neglect was part of "Hylanism." We are now nearing the end of the third year of the Walker administration. A few of these problems are beginning to trickle toward solution. A site was recently designated for a sewage disposal plant and a hospital department was created a few weeks ago. Central Park is also receiving some tardy attention.

THE COMMITTEE ON PLAN AND SURVEY

The city's governmental structure is deplorably ramshackle and archaic. During the campaign Walker made much of a promise he had given to an independent reformer group to appoint a survey committee. He put them off from week to week for six months before he named this body. Then he announced a committee of 476 persons, which, had it ever mustered in full, would have been one of the most miscellaneous assemblages ever to have gathered in the city. Every political, religious, national, and interest group of any size was comprised in its ample membership, and the whole was abundantly leavened with Tammany trusties to insure its not getting out of hand. For two years the public was urged to be patient while this committee got out its report which was meanwhile promised from month to month. The brain child of this mountainous labor recently placed in the fond mayor's waiting arms,[1] apart from noting that some of the problems here mentioned exist, consists largely of a recommendation that such a committee be appointed to study the city's future needs.[2] As Walker's third year draws rapidly to a close, the possibility of any constructive reform resulting from this effort is ruefully remote.

THE SUBWAY PROBLEM

But the greatest of all is the subway problem and how to preserve the five-cent fare. This was the rock on which the Hylan ship, having weathered eight stormy years, finally foundered. There

[1] The *Report of the Committee on Plan and Survey* is reviewed in this issue on page 600.

[2] An exception is a report of the sub-committee of budget, finance and revenue headed by Herbert Lehman, banker and Al Smith backer. Mr. Lehman went heavily into his own pockets and employed a group from the Columbia University faculty whose survey and recommendations have also recently been published under the title, *Finances and Financial Administration of New York City* (Columbia University Press).

is very little else in life that New Yorkers take seriously—certainly nothing else in local politics—besides the nickel fare. It is probably the only issue on which any Tammany candidate could be beaten. Al Smith himself could not survive it. The city owns all but the very oldest portion of the subways of the city, an investment of about $380,000,000. It leases them to two operating companies, the Interborough Rapid Transit Company (the I. R. T.) and the Brooklyn-Manhattan Transportation Company (the B. M. T.), which provide the rolling stock and maintain separate systems. The companies operate under contracts known as No. 3 and No. 4, signed in 1913, which call for a five-cent fare and provide for recapture of practically all of the lines after twenty years. Neither company has been paying very much to the city since 1918 when the old B. R. T. went bankrupt and the I. R. T. came perilously near to it. The city is, therefore, carrying a $16,000,000 debt item in its tax-budget which amounts, some calculate, to an addition of one cent to the fare.

Real estate and certain business opinion is persuaded that this is a complete argument in favor of adding this cent to the fare directly. But such simple arithmetical philosophy overlooks the fact that, apart from other considerations, it may not only be good social policy to promote the dispersion of population which the uniform nickel fare encourages, but it is also not without justice to tax central land values thus on the theory of both benefit and cost. The two companies appear to be making money on the present fare. The accumulated preferentials of the B. M. T. are six times those of the I. R. T. The latter will soon be called upon to resume payment to the city. It is earning 8.76 per cent on its own investment, but it is saddled with a miserably unprofitable investment in the old elevated systems of the city; only by throwing this in with its subway accounts is the I. R. T. able to make the poor mouth on which it bases its plea to the courts for a fare increase. Curiously enough if an increase is granted, unless the rate be prohibitive, the revenue will go not to the company but to the city because of the huge arrears in back rent. At a seven-cent fare the stockholders would have twenty years to wait for a dividend.

THE FIGHT FOR THE SEVEN-CENT FARE

Meanwhile, the city, since 1921, has been engaged in building a wholly new and separate subway which it was Hylan's plan and that of certain Tammany groups to have the city operate at a five-cent fare in competition with "the interests." As the law now stands, however, it would be necessary, after three years of operation at that fare, to fix the rate at a completely self-sustaining one. But since the new system was proving so inordinately costly—$680,000,000—it was early shown that, unless the law could be changed, the fare would then jump to eight cents or perhaps ten. At this juncture Commissioner Delaney appeared as *deus ex machina—machina politica*, of course,—and it was decided, at the last minute to be sure, to swallow some $13,000,000 with the tax budget, with a similar or larger sum for this and subsequent years so that the capitalization, and hence the overhead or debt charges, of the new system might be kept down. Following the customary battle of injunctions and mandamuses, the $13,000,000 was rammed into the budget. The current bills, however, indicate that the subway will vastly exceed the estimates of costs so that all this trouble and ingenuity will have been in vain. Meanwhile the city is being saddled with $40,000,000 in the

current year and perhaps $65,000,000 next year to maintain the voracious sacred cow of the nickel fare.

In the last heat of the fare race the city got off to a poor start and finished second best. The wrangling about recapture had continued for nearly a year but the city's legal stars permitted the I. R. T. to get the jump on it with an application to the federal courts for a fare rise, setting aside the contract clauses on the familiar grounds of confiscation. Despite the considerable merit of the city's case already suggested, and despite the $90,000 retainer to be paid to Charles L. Craig, Mayor Hylan's ancient sparring partner, the odds are on the city to lose the final purse next autumn.

PROPOSED UNIFICATION OF THE SUBWAY SYSTEMS

It was generally understood during the campaign that Walker favored unification of the subways, old and new, into one well-ordered system on a five-cent fare. Indeed some went so far as to suggest that this was the only course by which that fare could be maintained. Much precious time was lost in getting down to a study of the problem so that the second Untermyer report, proposing a plan, can receive very little attention until the litigation mentioned above is concluded. Political palmistry is a perilous profession, but it would seem that the subway "solons" are going on a very long journey between now and next autumn's election.

THE FIGHT ON THE BUS SYSTEM

Besides subways, Walker made much, during the campaign, of his proposal to give the city a bus transportation system. With a favorable transit commission to grant the necessary authorizations, it seemed that he could surely fulfil this promise. Hylan had failed because he insisted upon municipal operation. Walker would grant franchises and he had confidence his buses would be on the streets in thirty days. The approval of the routes took a prodigious length of time. It was not until the summer of 1927 that he was ready to allot the franchises.

Then a lively and unseemly scramble began. The Equitable Coach Company, newly-organized and favored by the mayor, was rigorously opposed by several rivals including the Fifth Avenue Coach Company, operator of the principal fleet of buses already operating in the city. The board of estimate wrangled interminably over the awards. At length the mayor would brook no further opposition. The matter was placed on the board's calendar and the final showdown loomed. Stewart Browne, president of the United Real Estate Owners' Association and tireless champion of landlords against tenants, was there armed with an injunction, but several policemen kept all strangers away from His Honor. All morning long the air was tense with the impending contest, but the matter was not called because one vote was lacking. During the luncheon recess, the mayor by soft words or hard threats won over the recalcitrant borough president. He was ready now to go through.

Walker is no coward. He resorts to steam-roller tactics with surprising infrequency. The opposition to any proposition is generally sure of a fair and ample hearing. But when the clerk called the fatal number and droned out the title, the wary Browne, who is more than a little deaf, failed to recognize it. So did a dozen or more lobbyists for opposing interests and civic groups. "Jimmy" sensed the situation in a flash. It was too good to miss. "Is there any objection? Call the roll." This particular routine formula is generally reserved for objec-

tions from the board itself. A slightly longer form for the public suffices to dispose of fully two-thirds of the several hundred items that usually crowd the board's calendar.

There is some dispute as to what the mayor's *sotto voce* rulings were. But it is a matter of record that the representatives of a score of civic organizations, numerous lawyers and the member of the press (seated within an arm's reach of the board) heard no invitation for a hearing, and that those who had waited through many dreary meetings for several months for an opportunity to be heard, were not heard. When the end of the day was reached, it was apparent that something had been slipped over on Browne—on Browne, the holder with Schieffelin of the standing, running, and long distance records for taxpayers' suits. The interminable delay continues in the courts and before the transit commission, and the mayor's earnest campaign promises about buses —but life in New York is so full!

PARTY ORGANIZATION RESPONSIBLE FOR SCANDALS

The administration has had its full measure of scandal. Whatever his indirect responsibility, any competent observer would agree that his party organization rather than the mayor must be held directly responsible; but the mayor, who makes a great point of party loyalty, has given precious little aid to ferreting out corruption.

The health department milk frauds were waiting on his doorstep when Walker reached the city hall. Certainly the mayor showed no eagerness to adopt the squawking foundling and it perished of inanition. Neither the former head nor the former secretary of the health department was ever publicly questioned concerning the conduct of the office, though Justice Kelby, appointed by the mayor, recommended ninety-one indictments. Then followed snow removal, sewer, hospital, prison, school building and city marshal corruption. There was "Payroll Jim" McQuade. Let Dr. William H. Allen sum up:

> Here was an elected officer, a district leader, a big frog socially, a drawer of $12,000 a year from his city salary alone, solemnly testifying that for two summers six members of his family, middle-aged sisters, a mother of young children, his own housekeeper—and all of them Irish at that—were working through the hottest months at night on unpleasantly hard duties for $5 a day.
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> Then . . . swore that a woman clerk, who left her self-supporting clerkship for marriage to a husband drawing $4,070 a year from his city salary alone, immediately began working nights full time, kept on working nights full time for four years even while her husband was earning $4,400 and while she reared two babies.

A typically wretched practice is the preying upon pushcart peddlers which still persists. The only result of complaint to the mayor was that the complainant was beaten up by an unknown and uncaught gang of "guerillas." Most recent and perhaps most extensive were the street cleaning irregularities and payroll lootings. When such conflagrations burst out, the commissioner of accounts is alert to lead his brigades, and more care is taken to localize the fire than to seek out the perpetrator or the causes that made its perpetration possible. If the public really gets aroused it may be necessary to drag out some insignificant wretch and cart him off to jail. The commissioner is industrious, but he seems to work on the eminently sound chemical principle that fire cannot live without air.

HOW THE MAYOR TACKLES PROBLEMS

The mayor likes to approach all problems physically. His typical method of attacking the park, hospital or subway problem is to summon one of

his limousines and fill another with cameramen so that the tabloid patrons may see their hard-working mayor in action. "Jimmy" was recently declared to be one of the four most photographed personages in the world.

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ALL IN THE DAY'S WORK

The mayor is presiding over a busy meeting of the board of estimate. An aide slips up and whispers that the Irish world's champion hockey players, or a young lady with the first sap of the Vermont maple trees, or a delegation from Switzerland with a gift of their national cheese, have arrived. The mayor passes the gavel to McKee and disappears.

Presently he is on the steps outside the city hall. The battery of "stills" advance. His honor smiles, holding up the hockey stick, syrup, or cheese, as the case may be. The stills drop back to reload. The "movies" rattle into place. The mayor swings the stick, tilts can, or otherwise gestures appropriately. Then a second round of stills; then a parting shot from the movies; and, five minutes having elapsed, the mayor slips unobtrusively into his seat

in the board. This is an almost daily occurrence. It may occur twice or even three times in a single day. Of course when Queen Marie, or the Cardinals, or Lindbergh, or some other splendid dignitary arrives, the city business is put completely aside for the pageantry of a Roman triumph.

THE MAYOR REQUIRES MANY VACATIONS

As a fashion plate, he is a close rival of that other celebrated world-traveler and news-reel favorite—the Prince of Wales. Our "Jimmy's" mission in life, like that of the Prince, is to spread good will and to edify the natives. In a little more than two years in office he has had seven vacations (143 days), not to mention short trips. He has been to London, Paris, Berlin and Rome, to Houston, Hollywood and San Francisco, to Bermuda, Palm Beach, and Canada (where his liquor permit cost only one dollar), three times to the Kentucky Derby, and to Chicago for the "Battle of the Century." He tries not to miss a "first night," or a show of any kind. He even went to see the rodeo because he "wanted to see the bull thrown in the open." He is the gayest mayor the city has had since Oakey Hall in the 'forties, Tweed's mayor and author of such plays as *Loyalina* and *Let Me Kiss Him for His Mother*.

"OFF THE RECORD"

"Jimmy" is most at home when he is surrounded by those jolly newspaper boys eager to catch for the waiting world his latest wise-crack. They know how to cajole him. Frequently he is amazed to read in the papers next day the things he has said to them. Recently a two-page interview, profusely illustrated, appeared in Mr. Hearst's *Evening Journal*. The mayor, *inter alia*, explained how he had come to go on the "water wagon" due to the demands of a disordered stomach. He was quoted as having said:

> I haven't had a drink since, but how soon I will take one I do not know. Certainly it will not be long, because I feel fine and I believe my stomach is ready for a little more flattery now.

And much more to the same effect.

Reporters sought the mayor promptly and asked him if the interview was authentic. He read it through, line by line, scowling as he read sections aloud. Then after some thought he dictated this statement:

> A representative of the *New York Journal* visited me and we talked for a half hour or more on many subjects. I talked very freely. As I read this story now I find in it observations that I cannot remember making and language which I do not remember using. Our discussion was informal and general and no notes were taken. I had no opportunity to see the article before it was printed.
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> While my viewpoint and attitude on some matters have been correctly presented, in some others, to say the least, the reporter obviously misunderstood me.

When he returned from his most recent tour he was widely quoted as saying:

> After traveling 10,000 miles I wasn't in one place where there was any difficulty to see and get liquor. . . . You can get it as easily in the United States as in Mexico, and there is not nearly so much difficulty here as there is in Canada.

BUILDING UP LOCAL PRESS SUPPORT

One of the most interesting tendencies in the present administration has been the emphasis on press support. The movement is by no means local in character. There has been a distinct trend of newspaper men in public jobs. Within the last few years six city hall reporters have stepped into public jobs. Two are with the transit commission; another is an under-secretary to President Coolidge; a fourth has become secretary to the New York city police department; still another is director of

the municipal radio station; and the mayor has just appointed one of the group, a former city editor of Mr. Hearst's *New York American*, as his executive secretary. The assistant to the mayor and the second deputy police commissioner arrived by the newspaper route.

Many who are left behind would welcome similar recognition and study to earn it. Since the salaries they pay are wretchedly low the papers, more or less, wink at the practice of accepting retainers from politicians, prominent men and business or utility concerns, for press agent work. A reporter on one of the tabloids has organized an information service which receives a substantial contract from the city and has an extensive clientele among public utilities and city contractors. This same tabloid reporter has just been named Secretary to the Superintendent of Schools at $7,500 per year. Even the *New York Times* published an interview in 1926 in which the writer told of Mayor Walker's getting to his desk at 8.25 A.M. "Seldom does he arrive later than 9.30 and often he is on hand an hour earlier." This at a time when the mayor rarely made it before mid-afternoon. The editorial policies of most of the papers have been more than cordial to the mayor. When they rap him it is done in such a kindly, playful way as not to hurt at all. Mayor Walker has not overlooked the influence of Hearst, Al Smith's inveterate foe. The mayor has reported the Kentucky Derby and similar events for Mr. Hearst's papers. He is a frequent guest at the Hearst home and, like Hylan, he has visited the Hearst ranch at San Simeon and seen "the thousand cattle on the thousand hills." Though the Hearst papers stood by Hylan in the primary against Walker, they have supported the latter steadfastly since. Witness the touching sentiments inspired by a picture published in the *New York Journal* and captioned thus:

> Here is Mayor Walker, of New York, in sunny Florida, showing Babe Ruth how to hold a baseball bat "better," with Jake Ruppert, who owns the baseball team, looking on. Observe the Mayor's extremely youthful, buoyant appearance.

This leading editorial appeared below:

> When he was very young, before he knew he would be important in the politics of New York, and later mayor of the biggest city in the world, young Mr. Walker used to write very beautiful poetry and songs.
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> In one song he asked, "Will You Love Me in December as You Do in May?" He needn't have asked that question, so far as he is concerned, for at forty, which is close to "December," he looks every bit as young as he did "in May," when he wrote the song.
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> If you have poetry in your soul it keeps you young.
>
> While the mayor was writing poetry, Jake Ruppert was making beer and money. Had he written poetry instead of making beer, Mr. Ruppert would probably look much younger than he does. On the other hand, like Mayor Walker, he would have had a very slim bank account as well as a slim waist. Perhaps Mr. Ruppert would rather look a little older and have a bank account a little fatter, even though more embonpoint must go with it.
>
> Babe Ruth never wrote poetry and never brewed beer, so he looks just so so, about his own age.
>
> The moral of this picture, as you may learn from Mrs. Augusta E. Stetson, who was Mrs. Eddy's representative in Christian Science in New York City, is: "Think young thoughts, happy thoughts, cheerful, healthy thoughts, and your body will stay young and healthy."
>
> The body and the brain are what our thoughts make them. Here you see Mayor Walker, who refuses to allow dull care to roost for one moment on his shoulder, and who wrote poetry when Ruppert was only writing checks. Walker looks today about twenty-three years old. That hasn't prevented him from accumulating more wisdom than any politician in New York State with the possible exception of Governor Al Smith.

Governor Smith, like Ruppert, wrote no poetry. Therefore, also, he looks his age. Be cheerful, be gay, keep your mind happy and you'll look almost as young in December as in May, and, what is more important, you'll feel young—as Mayor Walker does.

THE MAYOR'S PALS

Every big political figure in New York must have his rich cronies. Even Hylan nursed the pencil king, Berolzheimer. Walker's ubiquitous chum is Paul Block, proprietor of the *Newark News*, the *Toledo Blade*, and, within the last few months, of the last Republican organ in the city, the *Brooklyn Standard Union*. H. H. Frazee, the theatrical producer, is a frequent host. Jules Mastbaum of the Stanley Film Corporation, until his death, was regarded as one of Walker's closest chums. W. H. Egan, of the Pennsylvania Railroad, frequently accompanies the mayor, as does W. E. Bowman of the Bowman-Biltmore hotels, and "Jimmy" customarily travels in the private car of William H. Woodin of the American Car and Foundry Company. Many of Walker's older political intimates, such as Joseph A. Warren, one-time law partner and legislative colleague, and now police commissioner, are almost estranged from the mayor. But "Jimmy" is everybody's friend.

LOVED, LIKE HYLAN, FOR HIS FAULTS

John F. Hylan and James J. Walker each received pluralities of slightly more than 400,000. Yet the contrast between the sober, plodding, heavy-handed Hylan and the gay and gloriously carefree "Jimmy" is amazing. The glaring incompetence of the one was almost as notorious as the hilarious negligence of the other. Each in his way stands for something essentially true about the people of New York. There are a million Hylans for every thousand Walkers, but every John has a conscious or subconscious longing to be a "Jimmy." New York takes its fun vicariously with "Jimmy." Few New Yorkers ever see a "first night" or get to a night club or know Gloria Swanson. "Jimmy" does. They love him dearly for his very faults.

When the last cheer of the presidential world series has died away and the supreme court proceeds to inspect the slow motion pictures of Walker's weird subway play of last June, it may find that our jolly mayor stole second with the bases full. And when the crowd has to pay seven cents to ride home, will they think he has sloughed the game? Will they still say, "Attaboy, Jimmy," or will it be "Say it ain't so, Jim"?

PHILADELPHIA'S FREE LIBRARY

BY CLINTON ROGERS WOODRUFF

Philadelphia's new library results in increased use by the reading public. :: :: :: :: :: :: :: :: :: ::

Among the glories of our modern municipal democracies public libraries stand in the very front rank. This is indicated in many ways. In the first place they are gloriously housed. Boston's public library building has long been famed alike for its exterior and for its interior, as well as for its collection. New York's great library at Fifth Avenue and Forty-Second Street is another great institution, and a roll call of the cities would bring forth the fact that the people want libraries and want them adequately, yes, handsomely housed. Philadelphia has joined the list with a monumental structure, the first to be completed on Philadelphia's Parkway, which bids fair in time to rival the Champs d'Elysée. Indeed that great avenue in Paris has been the inspiration of those who conceived and planned, as of those who have helped to carry out the construction of this boulevard, connecting Philadelphia's city hall and Fairmount Park.

Established under a charter granted in February, 1891, the Philadelphia

The Free Library of Philadelphia, Logan Square

library is governed by a board of trustees, pursuant to ordinances of city council and an act of the state assembly. Its expenses are provided for by annual appropriation by the city council and the income from such trust funds as have been donated, which fortunately are growing at a satisfactory rate. In addition to the main building, the library system includes twenty-nine branches and four deposit stations.

On March 12, 1894, the main library was opened in three rooms in city hall. It was moved to 1217–21 Chestnut Street on February 11, 1895, and on December 1, 1910, it was again removed to Thirteenth and Locust Streets.

NEW LIBRARY OPENED

On June 2, 1927, the new main library building, facing Logan Circle on a site bounded by nineteenth, twentieth, Vine and Wood Streets, was formally opened with appropriate ceremonies.

The building measures 300 feet in length, 200 feet in depth, and is 100 feet high, with a capacity for 1,750,000 volumes. The building is fireproof throughout. Its outer walls are constructed of Indiana limestone with a granite base, and its inner walls of artificial stone. Its floors are of terrazzo and quarry tile, and its stairs and principal halls are of marble. The book stacks and wall shelving are made

MAIN READING ROOM (CIRCULATION DEPARTMENT)

of steel, and the tables, chairs and all other movable furniture are either of steel or of aluminum.

The total cost of the present site and building, including the furniture, has been $6,300,000, which was well within the appropriation, a fact in which the board of trustees naturally take a proper pride.

INCREASED USE OF NEW LIBRARY

Some idea of the popularity of this new building may be gathered from the figures in the following table.

An analysis of these figures shows how popular the library idea has become because of the appropriate housing among suitable surroundings. As *The Inquirer* has editorially pointed out there is "no doubt that the splendid facilities will make it immensely serviceable to the community and result in a steady increase of patronage. The sole handicap thus far has been in the difference of accessibility between the Locust Street site and that on the Parkway. Hundreds of workers in central offices were in the habit of visiting the library during the day when it was just 'around the corner,' but the habit of taking the beautiful walk up the Parkway to the new institution is already taking hold as a pleasant and healthy diversion during the lunch-hour."

Period	Visitors' main entrance	Recorded use in reading rooms	Readers' cards issued	Volumes borrowed for home use
June, 1927–June, 1928	1,990,760	919,597	37,824	859,191
June, 1926–June, 1927	.....	446,379	16,708	518,845
Increase	.....	473,218	21,116	340,346

LABORATORY WORK IN MUNICIPAL CITIZENSHIP

BY O. GARFIELD JONES
The University of the City of Toledo

Can the laboratory method be applied to the teaching of government? A forceful argument by one who answers the question in the affirmative.

LIBERAL arts subjects have occasionally been grouped as the sciences, the social sciences, and literature. This by implication classifies political science as neither scientific nor literary. God forbid! Referring to the physical sciences as the "natural" sciences also implies that the social sciences are "un-natural."

Still another classification is that of the "laboratory" and the "non-laboratory" sciences. This is a statement of fact. The chemist, the physicist and the biologist will not teach his subject to beginning college students without the assistance of the laboratory method, whereas the political scientist, the sociologist, and the economist are content just to "tell 'em." This saves time, because the laboratory method is slow, and quite expensive.

ARGUMENTS FOR THE LABORATORY METHOD

Of course the answer is that the laboratory sciences get concrete results; the engineer, the bacteriologist, the physician, and the surgeon are products of their method. On the other hand, the non-laboratory sciences have few results to show.

Recently, the laboratory method has been utilized in the advanced courses of political science, sociology and economics with the result that the graduate specialists in these fields—the municipal researcher, the social worker, and the business statistician—are coming to have some professional standing. But one fundamental distinction still exists: the so-called laboratory sciences demand the use of the laboratory method in beginning college courses, while the so-called non-laboratory sciences do not.

If the laboratory method can be utilized in advanced courses in government, why can it not be utilized in beginning college courses the same as in chemistry or biology? Is there any other reason than the large number of students involved and the lack of sufficient laboratory material?

LABORATORY WORK AT TOLEDO UNIVERSITY

At the University of the City of Toledo we believe these are the only two valid arguments against laboratory work for beginning college students in government, and we believe that we have been able for the last ten years, in a measure, to solve both the problem of numbers and the problem of adequate laboratory material. The problem of an adequate laboratory has been solved by virtue of our being located in a city of over a quarter million population that has the normal administrative and political organization for its population and area. The problem of numbers we have solved by working out the details of assignment and instruction in a manner not very dissimilar to that of the chemist and the biologist in the early days of their experimentation with the laboratory method.

Two negative statements should be made before attempting to describe our laboratory work in politics and administration. In the first place our laboratory work at Toledo is *not* a "stunt" that is put on occasionally to advertise the department and to stimulate interest. (We have put on stunts and probably will do so again, but we do not call them laboratory work.) Each student has a definite personal assignment to work out at a definite time each year. This has been done every year since 1919 with an average of four sections of thirty students each per year.

In the second place it is *not* the "observation" method. No professor of pharmacy calls it laboratory work when he takes his classes through one of the pharmaceutical factories on an observation tour.

The essence of laboratory work consists in the student's individual contact with, and reaction to the phenomena he is studying. And as a guarantee that such a vital reaction is taking place, a personal assignment must be made for each student and an individual problem worked out in such a way as to reveal, in a measure at least, the student's own reaction in this real situation.

ANALOGY BETWEEN GOVERNMENT AND BIOLOGY

Perhaps biology serves as the best analogy to assist us in the discussion of the laboratory method in government, because biology, like political science, deals with growing organisms, with the

evolutionary process, with atrophied and obsolete structure. In the biological laboratory they find it advantageous to study a whole organism rather than fragments of different ones because the part has such an organic relation to the whole that a collection of separate parts of separate organisms can never make a true living organism. In other words, the organism has a personality that is something more than a summation of its parts. It is the interaction of the parts as a unit that makes experience, and it is the effect of this experience on the organism as a whole and as so many parts that makes personality. It is just this effect of experience on the organism and the tendency of today's experience to condition tomorrow's behavior that is so important in political as well as in biological affairs.

THE CITY GOVERNMENT IS THE IDEAL LABORATORY

A city with a simplified charter is as ideal for laboratory work in government as is the starfish for laboratory work in biology. If the city is of some size its government and politics have prestige which is pedagogically quite important. Its organization is relatively simple in contrast with that of the county and the state. Its centralized political and administrative organization greatly facilitate the "setting up" of the laboratory because the personal contact of the instructor with the few "higher-ups" may suffice to keep the entire laboratory going smoothly. And, lastly, most cities have a dramatic history that is readily available to the students, a factor of no little importance in view of the fundamental truth of Professor Seeley's remark about political science without history having no root.

In Toledo we use the municipal government for our administrative laboratory, and the current election for our political laboratory. Whether it be a municipal, state or national election makes no great difference because political behavior in the ward and precinct is essentially the same in each case. For obvious reasons the political laboratory work comes in September, October and November and, therefore, the political chapters in our municipal government text are studied first.

A STUDY OF PRECINCT METHODS

Each student is assigned a separate precinct in which he is to make a study of the election machinery, the political organization and the political methods employed to get voters to register, to get them to vote, and to influence their vote for a particular candidate. This includes a study of the political reporting by the daily press, and detailed observations on political behavior in general in that ward and precinct.

In addition to cataloging the different methods used to get electors to register, to vote, and to vote for a particular candidate, the student must evaluate these methods as to their effectiveness and from other angles. This report, which is frequently quite long, is due on election day. A supplementary report that is due two weeks after election enables the student to check his observations and judgments in the light of the actual election day results. This "post-mortem" in the supplementary report is frequently the best part of the entire exercise.

The average person is quite free with his comments and generalizations before election, but he conveniently forgets his pre-election remarks when the election returns are available to check against his prophetic observations and judgments. On the other hand, the student in this political laboratory work knows that the in-

structor is checking over his pre-election observations at the very time that he is writing his supplementary report; hence his strong tendency to analyze the reasons for his errors in observation and evaluation.

SURVEY METHODS FOLLOWED BY THE STUDENT

The quantitative check on this laboratory work is the student's own estimate of the vote that each candidate for the most important office will receive in this precinct. (This estimate is on the vote for mayor in the odd numbered years, for president in the national elections, and for governor in the even numbered years when there is no presidential election.) The basis for this estimate is the number of voters registered in the precinct, a definitely ascertainable number. Then the student learns from previous years about what per cent of the registered voters actually voted. This per cent for past years must be raised or lowered in accordance with the amount of local interest in the current election. Accuracy in these two base figures is quite important because errors here are cumulative errors.

When it comes to dividing the vote that will be cast among the two, three or four candidates for the leading office of the election, the student must depend entirely upon his knowledge of the political make-up of the precinct, because the general trend of the vote in the ward, the city, the state or the nation is of little value in this precinct estimate. A particular precinct may be overwhelmingly Republican even though there is a veritable landslide for the Democratic candidate in the county or state as a whole.

Few students attempt a direct poll of the precinct, although those who do conduct such a poll make small errors as a rule. The indirect poll is better for most students. This consists in securing a poll list and then checking each voter's probable political alignment as indicated by the posters in his window or on his automobile, by the campaign button that he wears, by the political temper of the crowd he goes with, by his religious, economic or racial grouping, and by any other ascertainable factors that are thought to be politically significant. Of all the indications the most reliable one is to find out, if possible, what the given voter considers to be the main issue of the election. Few voters resent an inquiry as to issues as they do an inquiry as to personalities, although some students have the unhappy faculty of making an impertinence of all their questions.

The easiest method, next to pure guessing, is that of "cross-checking estimates." The estimate of the precinct worker of one candidate is checked against the estimate of the precinct worker for the opposing candidate. If used intelligently and carried far enough, this method is sufficiently accurate to insure an average error of around 25 per cent. The students are given considerable advice by instruction sheet and by lecture as to how to proceed with this laboratory work.

GRADING THE STUDENT'S REPORT

The estimating of the vote is weighted heavily in the grading. The precinct and the supplementary reports are graded and the two grades are averaged. Then the error of the estimate is calculated from the official returns of the election and the "averaged" grade raised or lowered one entire letter depending on whether the error is large or small. Our grading system is A, B, C, P (passed without points), D (deficient), and F (failed). An "averaged" grade of C with an error of less than 10 per cent is raised

to B. An "averaged" grade of C with an error of 65 per cent is lowered to P. An "averaged" grade of D with an error of 65 per cent would compel the student to do the work of the politics laboratory over again the next year.

A student may guess in this work just as he may guess at an "unknown" in a chemistry laboratory; but his chances of "beating the game" are not materially higher in the one laboratory than in the other.

A STUDENT APPRAISES THE LABORATORY WORK

A new instructor in this course who came to Toledo in February of this year and has had, therefore, no experience with the precinct report asked at the final examination for the second semester this spring: "Which feature of the course did you consider most valuable and why?" One of the ablest girl students, a freshman, answered as follows:

> I learned more from preparing my precinct report, more that I will never forget, than in any other course in college this year. I am well acquainted with the organization of the Republican party. I know who the influential men are that lead the party. I learned how important the newspaper's influence and good will is. I learned that a city election is the time at which more slander, mud-slinging and disgusting talk is circulated than at any other time. I decided never to run for any office myself because I think too much of the good old name of (*her own name*). I learned that secret work is the way to discover people's political leanings. I found that meetings in the ward and precinct stir up much trouble but *get out the vote*. I learned exactly how precinct workers really *drag* out voters; bother them until they do vote.
>
> These things will all help me to be an effective citizen, for I realize exactly what goes on during an election and how much politicians can pull the wool over citizens' eyes. I have determined to be an intelligent and *consistent* voter, knowing for whom, what and why I am voting.

LABORATORY WORK IN ADMINISTRATION

The laboratory work in administration comes the second semester. It could, of course, be given either semester. Each student is required to study a separate unit of Toledo's administrative system; for example, the traffic bureau. The procedure can best be illustrated by following the work of a particular student with his individual assignment.

The student assigned to the traffic bureau must hand in at the end of February a bibliography of available material on police administration in general and on traffic problems in particular. This is graded as to form and content and returned with any necessary comments by the instructor as to valuable material not listed.

Then this student must read up on his subject, take notes, and finally write up a "library" report on the purpose and the procedure of police administration with special reference to traffic control and indicate the more important correlations between traffic control and the other phases of municipal administration. The student must also list five or more questions which he will ask the chief of the traffic bureau when he goes to interview that official. This report is due just before Easter vacation.

The library report is graded as to form and content and the questions to be asked are checked by the instructor as being good, poor or impertinent. The instructor may suggest better questions.

If this library report is satisfactory it is returned to the student and he is told whom to interview at the city hall; in this case it would be the inspector of traffic, the sergeant in charge of the traffic bureau and as many subordinates in that bureau as may be necessary to enable the student to write up his final report. This

final report covers the organization, the operation and the history of the traffic bureau in Toledo and a comparison of traffic control in Toledo with that in certain other cities.

Obviously the sequence of chapters in the text is ignored in fitting the text to the laboratory work. The study of local political history which we think quite important comes immediately after election. If studied before election it would involve the class in local politics because Toledo's political history since 1900 has centered around non-partisanship in one form or another. And no local election is complete without having one or more candidates share with Andy Gump the distinction of "wearing no man's collar."

Our first divergence from the regular method of teaching municipal government was the laboratory work in the fall of 1919. This departure from orthodoxy, as so frequently happens, led us to examine objectives as well as method. We have now evolved a beginning course in political science that aims to train for "effective municipal citizenship." Limitation of space forbids any detailed description of the other features of the course, some of which we believe to be quite as important and heterodox as the laboratory method.

FUNDAMENTAL ASSUMPTIONS

Perhaps it will suffice to list the seven assumptions on which our present course is based, in what we believe to be their logical sequence:

1. Colleges should give a final, a professional course in citizenship.

2. The psychological age for such a course is the year when the student becomes a voter (or the year preceding).

3. Laboratory work is a necessary part of such a course.

4. This laboratory work should include both politics and administration.

5. The city provides the best laboratory facilities: first, because of their availability; second, because of their extent; third, because most college students live in cities after graduation; fourth, because the rural democracy of the nineteenth century has become the urban democracy of the twentieth century.

6. This professional course in effective municipal citizenship should also include training in the technique for leadership within and through a group.

7. The several (and divergent) phases of the course should be integrated at the end into a composite technique for effective citizenship. (This is attempted at Toledo by the use of the charter convention.)

In yielding to the demands of "orientation" faddists, we political scientists have sold our birthright (special training for citizenship) for a mess of pottage (a chapter in an orientation course). The "Jacobin" orientationalists are still offering us a "mess of pottage" in exchange for our "birthright." Reverting to orthodoxy for a phrase, "What can we do to be saved?"

PHILADELPHIA'S STREET RAILWAY PROBLEMS

BY HAROLD EVANS

MacCoy, Evans, Hutchinson and Lewis, Philadelphia

A discussion of the problems which have arisen under Mitten management of the coördinated street railway system of Philadelphia. The author was a member of the Pennsylvania Public Service Commission in 1925-26 and special counsel for the commission in 1926-27. ::

THE four major transit problems in Philadelphia at the present time are: (1) how to eliminate the underlying companies and leaseholds; (2) what to do with the $200,000,000 valuation; (3) how to control the Philadelphia Rapid Transit Company's operating expenses; (4) what is the best plan of operation of the city-owned high-speed lines.

To understand these problems it is necessary to know a little of the developments that have led up to the present situation.

A COÖRDINATED SYSTEM

There is only one street railway system in Philadelphia. Completely "coordinated" transportation has been the ambition of Thomas E. Mitten who, in 1911, took over the active management of the Philadelphia Rapid Transit Company. With this end in view he has acquired practically all of the intrastate buses and taxicab fleets in Philadelphia as well as the street railways.

The system is composed of upwards of twenty street railway and traction companies, all of which are leased directly or indirectly to the operator, the Philadelphia Rapid Transit Company. By this series of leaseholds, pyramiding guaranteed dividend upon guaranteed dividend, there has resulted "an accumulation of fixed charges probably never paralleled in the history of street railway exploitation."[1] These dividends run as high as 70 per cent on the paid-in capital of certain of the underlying companies and average over 13½ per cent on all of them.

In 1907 the city and the Philadelphia Rapid Transit Company entered into a contract the principal provisions of which were: (1) the company was to call in the unpaid subscriptions to its capital stock amounting to about $9,000,000 and was not to increase its securities without the consent of the city; (2) its fares (then 5 cents or 6 for 25 cents) were not to be increased without the city's consent; (3) the city was to be represented on the company's board of directors, was to audit its accounts annually, and was given the right to purchase the P. R. T. property in 1957 for the par value of its stock. To furnish a fund for this purpose the P. R. T. was to pay sums ranging from $120,000 to $360,000 per annum into a sinking fund. The city relinquished its right to require the company to repave and repair streets occupied by it and gave up all license fees, accepting in lieu thereof payments ranging from $500,000 to $700,000 per year. It also gave up the rights reserved in most of the franchises to recapture the property at cost and to require the removal of overhead wires, etc. The city,

[1] Report of Hon. C. C. McChord to Pennsylvania Public Service Commission, 1927, p. 14.

however, expressly reserved its right to regulate the operation and management of the company under its police power.

THE BEGINNING OF MITTEN MANAGEMENT

In 1911 Mr. Thomas E. Mitten assumed the management of the company. He inaugurated a new labor policy of coöperation between employers and employes, and under his able leadership conditions improved.

In 1918, however, the situation was still far from satisfactory, and in that year the city and P. R. T. negotiated a contract by which the city agreed to construct certain high speed lines costing upwards of $100,000,000 and to hand them over to the company to operate with its other lines as a unified system. Out of the gross revenue of the entire system the company after the payment of operating expenses, taxes, depreciation, fixed charges and payments due the city under the 1907 agreement was to pay a five per cent dividend on its $30,000,000 stock, and to the city, five per cent on its investment in transit facilities. A supervisory board was created with power to pass upon service, etc. Rates were to be increased if the revenues were insufficient, and decreased if they were too great. The public service commission refused to approve this contract.

In 1920 the P. R. T. sought to increase its revenues by substituting three-cent exchanges for free transfers. The public service commission refused to allow this and prescribed a fare of seven cents (4 tickets for 25 cents) in spite of the provision of the 1907 contract. Then came the valuation case in which the commission in June, 1923 found a value of "substantially upwards of $200,000,000" as of 1919. It approved the existing rates of fare. It was assumed that this fare would "make possible further and continued improvement and extension of transportation service and facilities in Philadelphia."

FARES INCREASED

Thirteen months later, however, the company, faced with an alleged falling off in traffic and an increase of expenses, sought further increase in its rate to eight cents (two tokens for 15 cents) with free transfers substituted for three-cent exchanges outside the central delivery district. The public service commission made a temporary order granting the increase. The company then boosted its dividend rate from six per cent to eight per cent and increased the Mitten management fee from $158,000 to $350,000. The fee was fixed at this amount for three years by written contract. A year later the temporary order approving the eight-cent fare was made permanent by a four to three vote of the commission and the company thereupon, in spite of the three-year contract, increased the Mitten fee to about $1,000,000.[1]

CITY OWNERSHIP, PRIVATE OPERATION

Meanwhile in 1922 the city had completed an elevated railway, extending from the Market Street subway to the northeast and commonly known as the Frankford "L." The city leased it to the P. R. T. for five years at a rental of one per cent of the cost for the first

[1] The fee is now fixed at "four per cent of the gross revenue of the system, payable cumulatively after earning the regular dividend to P. R. T. stockholders." It amounts to over $2,000,000. One half of the fee is invested by Mitten management for the employes to compensate for a reduction of wages, and the other half is retained by management (1925 Annual Report). In 1927 the total operating revenue of the system, including buses and taxicabs, was approximately $57,000,000 of which over $48,000,000 was derived from the P. R. T. Company.

year, and increasing one per cent each year. At the end of five years the city exercised its option to extend the lease to 1957 at five per cent.

In 1925 and 1926 contracts were entered into between the city and the P. R. T. for the construction and operation of a surface car subway under Chestnut Street. By these the city agreed to build the subway, the P. R. T. to pay the interest, and sinking fund and state tax on the city bonds issued for the construction of the subway, so that they would be paid off in fifty years, after which the company was to be given the perpetual right to occupy the subway rent free, subject to the city's right to condemn the system or take over the P. R. T. property in 1957 under the 1907 agreement. The contracts were approved by the public service commission, but the basic agreement was last winter held invalid by the superior court on appeal.[1]

Meanwhile, in 1926 and 1927, there arose a good deal of public dissatisfaction, both with the alleged failure of Mayor Kendrick to protect the public interest in his dealings with the P. R. T. and with the service rendered by the transit company. The newspapers were practically all in a critical attitude. To meet this the public service commission undertook an investigation of the situation and employed Hon. C. C. McChord, formerly a member of the Interstate Commerce Commission, to make a comprehensive survey of the urban transportation facilities of the city.

THE MCCHORD REPORT

In March, 1927 he submitted a report in which he recommended the condemnation of the underlying companies for approximately $136,000,000, turning over to the P. R. T. rent free all city-owned transit facilities, including the Broad Street subway now nearing completion at a cost of over $110,000,000, and remitting annual payments made by the P. R. T. to the city of over $1,500,000. He further recommended the creation of a transit conference board of three members, to be appointed respectively by the city, the P. R. T. and the public service commission. In this board was to be vested the city's existing veto power over capital increases of the company. To it the P. R. T. was to pay (1) a special fund of $5,000,000, and (2) its current annual surplus, if any, after the payment of all operating expenses, fixed charges, taxes and dividends on its common stock at eight per cent in addition to its preferred stock dividends. This fund could be drawn upon the company at any time "to make up the amount of its rate of dividend." It was to be invested in P. R. T. securities and used to acquire the property for the city in 1957 under the terms of the 1907 agreement. The board was to audit the company's books but was to have no control over its operating expenses.

Following the submission of the McChord report, a statute was enacted authorizing the condemnation of the underliers.[2]

THE BIBBINS REPORT

In 1927 J. Rowland Bibbins was employed by the city to recommend the course it should follow in the operation of the Broad Street subway. He recommended that, for a trial period ending in 1936, it be operated by the P. R. T. as part of a city-wide fully coördinated system on the basis of an operating fee of three per cent of the net revenues. He estimated these net revenues conservatively at $2,500,000 during the first full year of opera-

[1] Taken by the Northeast Philadelphia Chamber of Commerce and the City Club.

[2] Act of May 3, 1927, P. L. 508.

tion, thereafter increasing from year to year. The proposed agreement specified what were to be allowed as operating expenses, and constituted a board of control to have final decision on all questions of operating expense, maintenance, service standards, etc. Managerial duties, however, were to rest upon the company, the board's powers being supervisory only. It was to be composed of three members,—the director of city transit, a representative of the P. R. T., and a chairman appointed by the mayor.

Mayor Kendrick went out of office at the end of 1927. His successor, Mayor Mackey, abandoned the Chestnut Street subway project and in its stead substituted a surface car subway two blocks further south under Locust Street at an estimated cost of about $40,000,000. An ordinance was passed leasing this subway to the P. R. T. for fifty years at a rental equal to the interest, sinking fund and state tax on the city bonds issued for its construction. Just prior to its passage, this ordinance was amended so as to provide that the subway should be constructed by the P. R. T. for the city at the "actual cost thereof." An injunction, however, has just been issued in a taxpayers' suit, prohibiting the letting of any such contract without competitive bidding as required by law.[1]

In the meantime the city and the P. R. T. were unable to come to terms on an agreement for the operation of the North Broad Street subway, a four-track, high speed line extending north about six miles from city hall, ready for operation on September 1, 1928, as a two-track line. They therefore joined in an application to the public service commission for a statement of the terms and conditions which it would approve for such an agreement running for not more than two years. The commission in turn has appointed Hon. C. C. McChord to investigate and report to it.

Finding that the Bibbins report was likely to be ignored by the city, the Northeast Philadelphia Chamber of Commerce retained Mr. Bibbins to give the public the benefit of his extensive investigation of the Broad Street subway a year ago. The city, not to be outdone, has now retained Messrs. Ford, Bacon and Davis. There are, therefore, three different transit experts working on the problem, and if a satisfactory solution is not reached it will probably not be due to a dearth of expert advice.

In order to start operation of the subway on September 1, the city has leased it for three months to the P. R. T., which agrees to operate it at the present rate of fare, but without exchange or transfer privileges in the central delivery district such as exist on the surface lines. The company is to pay the city a rental of $200,000 per month and is to render full reports and accounts of operation, keeping operating costs and revenue of the subway distinct from the rest of the system. The lack of adequate feeder lines and the company's refusal to give exchange privileges in the central delivery district will greatly depress the earnings of the subway and render the trial period practically valueless in determining its earning capacity.

Mayor Mackey has also filed with the public service commission a petition for a valuation of the underlying companies for purposes of possible condemnation under the act of 1927. The companies have taken the position

[1] This injunction was issued July 13, 1928, by Hon. Harry S. McDevitt, president judge of the Court of Common Pleas No. 1. An exception to the decree is now pending. The suit was backed by the Northeast Philadelphia Chamber of Commerce.

that this statute is unconstitutional, and the city has notified them that unless a prompt conclusion can be reached it will drop the proceedings. The public service commission, on the other hand, seems anxious to carry out Mr. McChord's recommendation of condemnation.

THE FOUR MAIN PROBLEMS

With this sketch of the facts we can turn to the four great problems which must be solved before the transit situation in Philadelphia is satisfactory:

1. The underlying companies and leaseholds;
2. The $200,000,000 valuation;
3. The control of the P. R. T. operating expenses; and
4. The operation of city-owned high speed lines.

1. *The Underliers*

It is obvious that so long as the system is burdened with 900 year leases, carrying fixed charges in the shape of guaranteed dividends of over $7,000,000 on paid-in capital of less than $54,000,000, a satisfactory solution is impossible.

Three possible methods of dealing with this problem have been suggested:

(a) The first is a plan of *laissez faire*. Those who advocate it believe that the value of the underliers will rapidly decrease and that they can later be acquired much more cheaply than now. In this connection it is worthy of note that the average market value of their stocks held by the public fell from over $158,000,000 in 1907 to less than $96,000,000 in 1927, a decrease of over $62,000,000. With the increase in buses and high speed lines the surface lines will become less and less valuable. The security values, however, depend largely on the leases, and as long as they continue in force the rentals must be paid by the P. R. T. even where the tracks of the underliers have entirely disappeared. The adoption of this plan would require ultimately putting the system through a receivership in order to wipe out the pyramid of leases which lie at the heart of the trouble.

(b) The second suggestion is that the city and the P. R. T. agree to modify the contract of 1907 so far as it waives the right of the city to recapture the underliers on the basis of original cost, which right was reserved by the city in the ordinance of July 7, 1857. The paid-in capital of the underliers amounts to about $54,000,000 and their funded debts to about $33,500,000. The sum of these two, or $87,500,000, would seem to mark the maximum limit of original cost and probably far exceeds it. If the underliers could be acquired on any such basis it would be to the interest of the P. R. T. as well as of the city and the public.

(c) The third plan is condemnation under the act of May 3, 1927. This is the plan suggested by Mr. McChord and now being followed by the city, which has filed an application with the public service commission to determine the value of the properties of the underliers. Mr. McChord estimated such value at $136,000,000, which represents the annual rentals capitalized on a seven per cent basis and exceeds by several million dollars the 1927 market value of the company's stocks and bonds held by the public. This legitimates and perpetuates what Mr. McChord has designated as "an accumulation of fixed charges never paralleled in the history of street railway exploitation." Furthermore, the companies are holding out for a still higher price, and have raised the question of the constitutionality of the condemnation. It is interesting to note that, in the somewhat analogous situation in New York City, Samuel Untermyer in his report as special counsel to the transit

commission suggests the passage of similar condemnation legislation.

2. *The $200,000,000 Valuation*

The second obstacle to a satisfactory solution of the transit problems of Philadelphia is the $200,000,000 valuation of the system. This valuation was made as of 1919 when prices were on a very high level. It has been sustained by the Superior Court and must be accepted until a re-valuation is made at lower price levels. Under the practice of the Pennsylvania Public Service Commission the company is entitled to a return of seven per cent of this amount, or $14,000,000 per year.

Comparisons with other systems are difficult because of differences in conditions. When, however, a valuation is quite out of line with those of a number of other cities it is fair to inquire why this should be. Eliminating all high speed lines from the $200,000,000 valuation leaves at least $145,000,000 as the value of 651 miles of the P. R. T. surface lines. This gives a valuation of over $220,000 per mile of track.

This may be compared with other cities as shown in the table below.

The weighted average value of these ten systems is $128,000 per mile of track as compared with $220,000 per mile of track for the Philadelphia surface system. If the Philadelphia surface system were valued on the same basis as Chicago its value would be decreased by $47,000,000 and the allowed "fair return" to under $11,000,000 per year. This would make possible a substantial reduction in fare, larger payments to the city, or further improvements in the service.

3. *Control of P. R. T. Operating Expenses*

One of the ablest street railway operators in this country is quoted as saying that there was a time when the "big money" was in building street railways, later it was in owning them, now it is in operating them.

In the regulation of railroads and utilities throughout the country one of the most difficult problems today is the proper control of operating expenses. Commissions for the most part have been loath to exercise such control as being an interference with the managerial discretion of the companies.[1] It is

[1] A typical instance of this attitude is found in the report of the Pennsylvania Public Service Commission *in re* Philadelphia Rapid Transit Company, P. U. R., 1926, B. 385, where in refusing to reduce an operating allowance the commission states (p. 406): "It is in the activities covered by the general and miscellaneous accounts that the very heart and essence of

City	Valuation	Miles of track	Approximate value per mile of track
Chicago	$159,113,000	1063	$150,000
Pittsburgh	62,500,000	600	104,000
St. Louis	51,781,000	460	112,500
Baltimore	75,000,000[a]	400	187,500
Atlanta	20,000,000	210	96,000
Rochester, N. Y.	19,316,000	167	115,000
Indianapolis, Ind.	15,000,000	153	98,000
Norfolk, Va.	8,100,000	99	82,000
Syracuse, N. Y.	8,920,000	97	92,000
Scranton, Pa.	9,000,000	92	98,000

[a] Includes $5,000,000 for easements.

obvious, however, that if expenses are increased with every increase of revenue we are confronted with the prospect of ever higher rates. With the railroads the problem has been accentuated by the recapture clause of the Transportation Act of 1920, and the Interstate Commerce Commission in recapture cases is scanning the operating expenses of the carriers with great care.

A study of the accounts of the Philadelphia Rapid Transit Company shows very large increases in expenses during the last ten or twelve years, especially for such items as general and miscellaneous expenses which include the salaries of officers and office clerks. In 1916 these totaled $1,309,289. In 1926 they had mounted to $5,750,023, an increase of over 300 per cent, and in 1927 they were $5,674,500. Eliminating relief department expenses, pensions, valuation expenses, injuries and damages, the figures are as follows:

1916	*1926*	*1927*
$615,137	$3,236,971	$3,468,233

Reducing these to a basis of car miles and passengers carried the figures are:

	1916	*1926*	*1927*
Per 100 car miles...	$ .74	$3.61	$4.03
Per 1,000 revenue passengers carried	1.21	4.75	5.33
Per 1,000 total passengers carried...	.97	3.47	3.85

The salaries and expenses of general officers increased as follows:

1916	*1926*	*1927*
$49,531.37	$1,176,610	$1,259,450

There has, therefore, been an increase in this item of over 2,400 per cent in eleven years.

Comparing general and miscellaneous expenses of the Chicago surface lines for the year 1926 on the same basis, it appears that they totaled $1.69 per 1,000 revenue passengers as compared with $4.75 in Philadelphia. In the same year these expenses on the Interborough subway and elevated lines in New York City amounted to $1.58 per 1,000 revenue passengers and on the B. M. T., to $1.28 per 1,000 revenue passengers.

4. *Operation of City-Owned High Speed Lines*

The city of Philadelphia has so far expended or authorized the expenditure of about $139,000,000 in high speed transit lines. Of these the Frankford elevated is now leased to the P. R. T. until 1957 at a rental of five per cent of the amount of city bonds issued for its construction. Negotiations are now pending for the lease or operation of the Broad Street subway which, when completed, will cost about $110,000,000. A three months' lease to the P. R. T. has just been made on the basis of a rental of $200,000 per month. It will doubtless be followed by another short-term lease or operating agreement. If adequate control of the operating expenses is established, the problem is merely to find a fair division of the burden of the construction of high speed lines between the taxpayer and the car rider.

Unfortunately Philadelphia is without power to assess benefits from high speed transit construction against the property owners affected. If this could

management is found. Except in a clear case of bad management no regulatory commission would be warranted in interfering in this vital matter." In dissenting from this view the minority states (p. 477): "It is the duty of a regulatory commission to allow such operating expenses only as are reasonably necessary to the efficient management of the utility. It would be idle to give a commission power to fix valuations where every dollar of difference in amount means practically seven cents and to tie its hands in dealing with operating expenses where every dollar of difference means one hundred cents in the result."

be done the problem would largely be solved, as a very large part of the cost of a subway could be collected from property owners whose land values have been swollen by its construction. They are the ones primarily benefited and should bear a large part of the cost. At present, however, either the taxpayers at large or the car riders must foot the bill.

On the whole it appears that a short-term operating agreement with an operating fee based on a percentage of net revenue and adequate city control over operating expense is the most satisfactory method of dealing with city-owned property, but whether this form or a lease is adopted it is essential in the public interest that (1) there should be frequent opportunities for revision of the agreement and recapture by the city, and (2) the city should provide for adequate control of the operating expenses of the company.

THE TAX SITUATION IN CHICAGO[1]

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The second of three articles describing the inequalities of the present assessment methods in Chicago. :: :: :: :: :: ::

In a previous article, the inequalities of assessment in Chicago—inequalities among districts, classes of property, and among individual property holders—were analyzed in detail. These inequalities are attributable in part to the board of assessors and in part to the board of review.

ALLOCATING RESPONSIBILITY

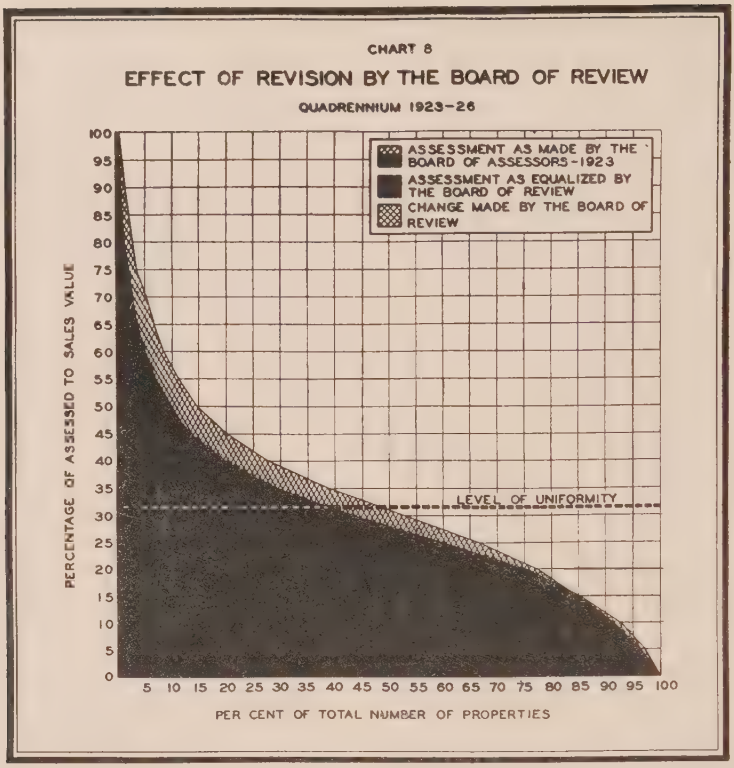
Indeed, one of the worst features of the present system in Chicago is the fact that with two independent boards, with five members on one and three on the other, and all acting independently of each other, so many avenues are afforded for shifting responsibility from one board to the other and from one individual to another that, in the past, taxpayers have been entirely unable to place definite responsibility upon any one. One of the most important problems for the taxpayer, therefore, is to measure the quality of the work done by *each* of the boards and to determine the degree of responsibility assignable to each; and this we will attempt to do in the following pages.

In the first place, the initial assessment, as made by the board of assessors in 1923, has been compared with the final assessment of 1926, after four years of equalization by the board of review. The result is indicated in Chart 8.

FAILURE OF THE BOARD OF REVIEW

To one unfamiliar with the facts it will probably seem utterly impossible that the chart could have been intended to represent any process of equalization. Changes made by the board of review should have consisted of *reductions* in the upper ranges and

[1] Continued from the September number. The third and last article will appear in November.



increases in the lower ranges of assessment, bringing one end *down* and the other end *up* toward the level of uniformity. As a matter of fact, the changes have all been in one direction,[1] constituting a thin stratum of reduction spread over the entire assessment, without perceptibly changing the form of the assessment. It is like trying to level a steep hillside by starting at the top and "stripping" ten feet all the way to the bottom.

Measured mathematically, the degree of equality has been slightly improved—the deviation from uniformity has been reduced from an average of 40 per cent in 1923 to an average of 37.7 per cent in 1926. At that rate of equalization, a uniform assessment would be attained in sixty-nine years, provided the process were not interrupted by subsequent quadrennial reassessments. Measured in another way, this means that with the efficiency of the present board of review, it would require *seventeen* such boards of review, with their complement of secretaries, clerks, and staffs, to secure an equitable assessment for Chicago.

[1] This does not mean that there were not single cases in which assessments were increased by the board of review. There were such scattered cases. The chart is plotted in groups of 5 per cent of total number of properties and shows the net result of revision by the board of review within each such group.

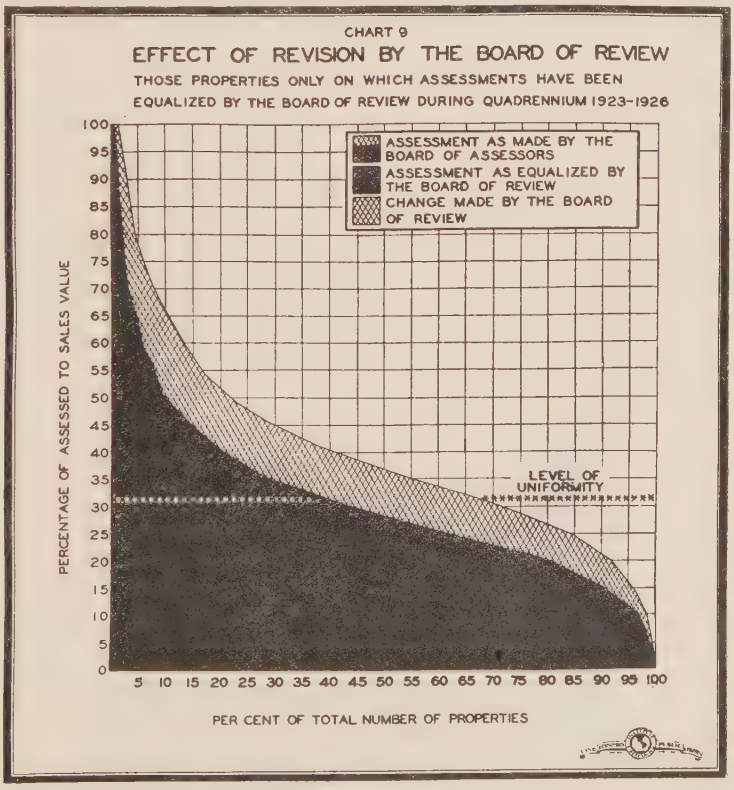
RESULTS OF REVISION BY BOARD OF REVIEW

There are more than a million parcels of real estate in Chicago, however, and it was felt that possibly the character of the assessment as a whole might

represent to a large extent only the results of accident, ignorance, and the necessary inexactness of a wholesale handling of such an enormous number of assessments. For this reason, a more precise test of the deliberate policy of the board of review has been made by taking only those cases in which complaints have been made to the board of review and have been acted upon by them, and in which the assessments have been deliberately revised by the board of review. These revisions should represent the deliberate and intentional policy of the board. These cases constituted 2,046 properties out of our total of 6,445. The results are represented in Chart 9.

These properties, as originally assessed by the board of assessors, show an average deviation from uniformity of 37.9 per cent; after equalization by the board of review, they are 35 per cent away from uniformity. Thirty-one per cent of these properties were already below the average level of assessment established by the board of review, before they came before that board, and had no ground whatever for asking any further reduction. They secured very much the same general amount of reduction as the other 69 per cent of properties, which were originally assessed all the way from the average up to over 100 per cent.

Similar measurements of the work of the board of review have been applied to the 1927 assessment, and the results are shown in Charts 10 and 11. The original assessment, as made by the board of assessors, shows a deviation



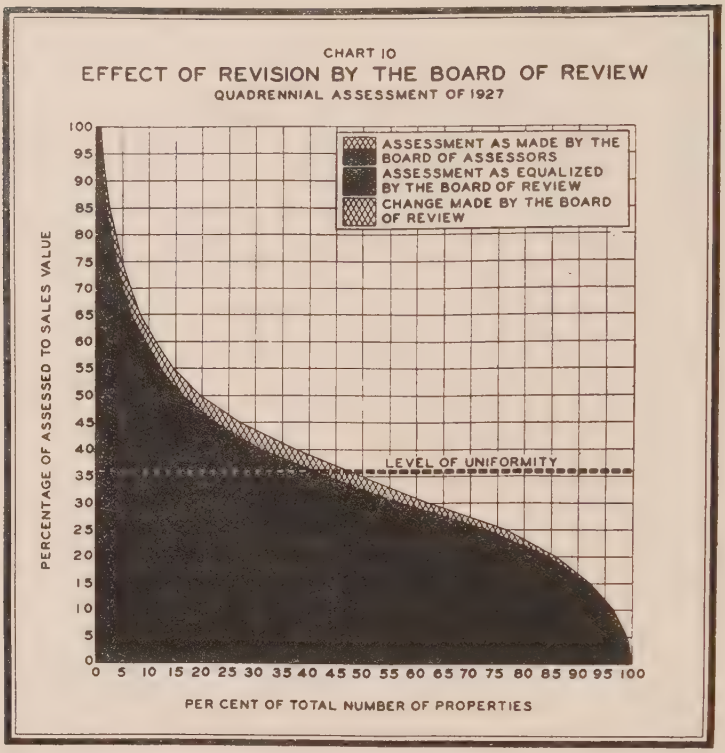


CHART 10
EFFECT OF REVISION BY THE BOARD OF REVIEW
QUADRENNIAL ASSESSMENT OF 1927
ASSESSMENT AS MADE BY THE BOARD OF ASSESSORS
ASSESSMENT AS EQUALIZED BY THE BOARD OF REVIEW
CHANGE MADE BY THE BOARD OF REVIEW
LEVEL OF UNIFORMITY
PERCENTAGE OF ASSESSED TO SALES VALUE
PER CENT OF TOTAL NUMBER OF PROPERTIES

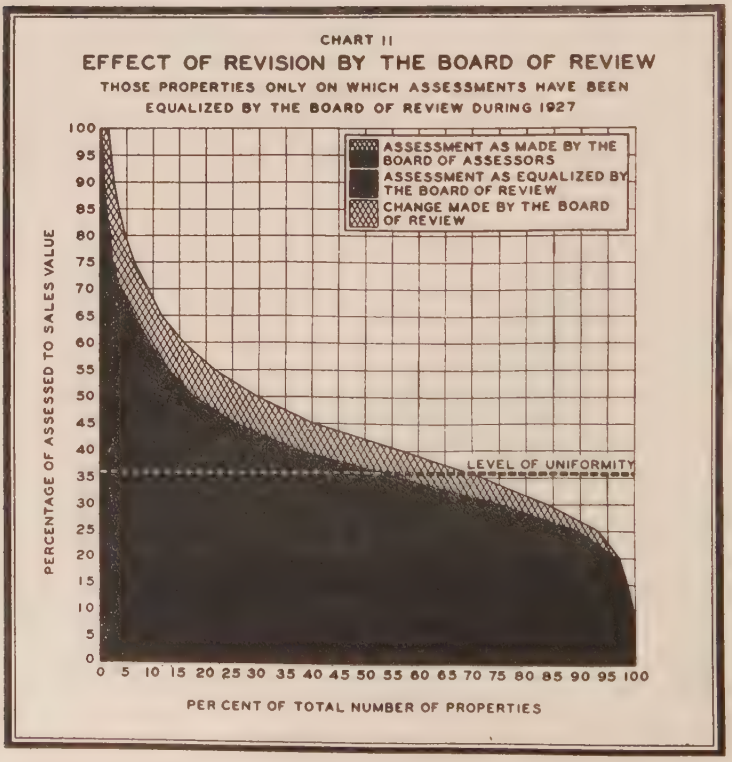


CHART 11
EFFECT OF REVISION BY THE BOARD OF REVIEW
THOSE PROPERTIES ONLY ON WHICH ASSESSMENTS HAVE BEEN EQUALIZED BY THE BOARD OF REVIEW DURING 1927
ASSESSMENT AS MADE BY THE BOARD OF ASSESSORS
ASSESSMENT AS EQUALIZED BY THE BOARD OF REVIEW
CHANGE MADE BY THE BOARD OF REVIEW
LEVEL OF UNIFORMITY
PERCENTAGE OF ASSESSED TO SALES VALUE
PER CENT OF TOTAL NUMBER OF PROPERTIES

of 35.8 per cent from uniformity; after equalization by the board of review it is 36.5 per cent away from uniformity. In other words, it was a more equitable assessment before equalization by the board of review than afterwards.

In order to make all possible allowance for accident, ignorance, and the haste with which the quadrennial assessment had to be made, we have again segregated those cases only in which the board of review definitely acted and deliberately changed the assessments from the figures established by the board of assessors. The results of this deliberate revision by the board of review are shown in Chart 11.

Forty per cent of these properties were already below the average level of assessment established by the board of assessors, when they came before the board of review—29 per cent of them were below the still *lower* level established by the board of review—and had no ground for any reduction whatever.

On what grounds the board of review accorded these particular properties further substantial reductions, can only be conjectured. It clearly was not, as the board of review has frequently stated, in order to protect the small home-owners; for the unhappy fate of the small home-owner at the hands of the board of review is indicated by the figures in the table below.

The largest homes have not only been accorded three times as large a reduction as the small homes, but have enjoyed a final assessment of only 28 per cent of value, compared with an average assessment of 33½ per cent for the smallest homes in the city.

THE PROCESS OF EQUALIZATION

These results are astonishing enough; but the procedure by which they are reached will probably be still more astonishing to people outside of Chicago. The process of review and equalization in Cook County, so far as the procedure is public, is carried out in the form of "hearings." These "hearings" are held in a large room, arranged in general to resemble a court room, with a seating capacity of 150 and standing room for another 150. At one end of this room is a raised platform, or medieval dais, surmounted by three pulpits or altar-shaped desks, behind each of which sits a member of the board of review—still further protected by a heavy railing that runs from one of these pulpit-like desks to another, across the front of the platform. By accident or otherwise, this railing does not run straight across

ASSESSMENT OF SINGLE-FAMILY RESIDENCES

Sales value	Average value per home	Average rate of assessment before equalization by board of review	Average rate of assessment after equalization by board of review	Reductions granted to each class by board of review
Less than $15,000	$11,434	34.9%	33.5%	1.4%
$15,000 and less than $25,000	17,576	36.3	33.4	2.9
$25,000 and less than $35,000	28,550	33.5	30.9	2.6
$35,000 and less than $50,000	38,788	33.8	32.5	1.3
$50,000 and over	77,752	32.7	28.0	4.7
All homes	.....	34.9	32.6	2.3

the room, however, because at the left side of each pulpit both dais and railing are indented sufficiently to make a corner or pocket, just large enough to hold an average-sized taxpayer. Into this pocket the complaining taxpayer is ushered by the clerk, who calls his name and then conducts him to the member of the board of review whom he has asked to see or to whom, in the language of the clerk, he is "next." From this pocket he sends his complaint upward to the member of the board of review, peering down from three feet above.

Each member of the board does his own "equalizing" in the cases he "hears," unmolested by other members of the board or by other complaining taxpayers who may be present. In fact, no one else hears what goes on at the "hearing," because of the general noisiness of the room and of the distance at which spectators sit from the several hearings going on at the front of the room.

It should be noted also that the board of assessors, the very officials whose work is being reviewed, are not represented at these hearings and have no opportunity to defend their own assessments or to present information bearing upon the properties in question. There is apparently no consultation of files or records, no ascertainment of facts, and indeed, so far as can be learned, no reference to any established level of assessment as a standard of what the complaining taxpayers' assessment *ought* to be.

Under such a system, complaints will naturally be numerous. Last year they were reported to number something over 100,000. Before the end of the year, the board simply suspended hearings, making its revisions without the formality of hearings, and many taxpayers were unable to secure consideration of their cases at all. Most students of taxation outside of Chicago will be surprised to learn that such a system of review still exists in any large city in the United States. Under this system the board of review must inevitably produce chaotic results, even when composed of entirely honest and conscientious citizens, and unmitigated favoritism and corruption when composed of any other kind.

RESULTS THAT CANNOT BE MEASURED STATISTICALLY

And there are results which are not susceptible of statistical measurement but which may be even more important than those represented by the bars and curves in the earlier portions of this article. One of these is the fact that a system such as has been described must necessarily become the mere adjunct of whatever political organization is in power.

This is not peculiar to Chicago. It is almost the inevitable result of any system of taxation in which assessments are made arbitrarily, without reference to any scientific or systematic standards of valuation, and without review by any impartial body. But in Chicago it is avowed with an openness and frankness that is little short of amazing. Precinct captains and ward committeemen openly boast of their ability to "take care" of their constituents. The representatives of political organizations in general throughout the city appear to take it as a matter of course that a part of their regular duties is to make the necessary adjustments in the assessment of property. The result is, that in addition to a regularly constituted board of assessors and board of review, Chicago has an extra-constitutional, ex-officio board of revision, consisting of the representatives of party organizations throughout the city, who are engaged

every day of the year, without regard to constitutional requirements or quadrennial limitations, in the business of revising assessments to suit the exigencies of party organization.

THE PROFESSIONAL TAX-FIXER FLOURISHES

Another result has been the growth of a whole class of professional tax-fixers, whose methods and activities are too varied to be discussed in the space of this article and probably too well known to require discussion.

A third result has been the general belief, on the part of business men particularly, that the powers of taxation are arbitrarily used to compel contributions to political organizations, to stifle opposition and criticism, and to suppress freedom of speech and of the press. How well founded this belief is, we shall not attempt here to say; for the time being, one illustration will suffice. When the Teachers' Federation of Chicago a year ago proposed to make an investigation of the tax system, Mr. J. L. Coath, president of the board of education, declared, as quoted in the *Chicago Tribune* and the press generally, that any teacher who contributed a dime to that investigation would be considered unfit to continue in the service of the public schools. It is not necessary here to express any judgment as to the need of such an investigation, or the ability of the Teachers' Federation to make it, or the amount of money that might properly be contributed to it. But under republican government, taxation is a subject of concern to all citizens and one on which it is proper to seek any information that can be secured. When responsible representatives of the city government are obliged to resort to such arbitrary suppression, even the inequalities of taxation sink into insignificance in comparison with the blatant insolence of such methods of intimidation.

DECLINE IN CIVIC MORALITY

And more important than all these is the general decline in political and civic morality, in consequence of the conditions we have described. In Chicago it appears to be taken for granted that of course the tax system is corrupt; that the tax machinery is used for political and other purposes; that taxes are "fixed" by various ulterior methods; and the average citizen of Chicago appears to have nothing but a cynical contempt for the system, its officials and everything connected with taxation.

The writer was introduced some time ago to a typical, successful business man of Chicago. Learning that we were undertaking a study of the tax situation, he pondered for a moment and then said very deliberately: "I hope you will do nothing to disturb the rascals who are protecting me." When a representative citizen comes to have that feeling toward the government of his city, it bodes ill for his city. And if that city were some main street village of a few thousand people, perhaps the rest of us should not need to worry about it. But when it is the second greatest city in the New World, a city of three million people and more than twelve billions of wealth, the trade and financial center for half of the United States, the situation becomes a matter of concern to every one interested in the continuance of democratic government in this country.

RECENT BOOKS REVIEWED

REPORT OF THE CITY COMMITTEE ON PLAN AND SURVEY. New York: 1928. Pp. 218.

When Mayor Walker of New York in June, 1926, addressed the five hundred and seven members of his newly appointed City Committee on Plan and Survey, he invited them to "sift their information into a central body which, from a broad survey, may pick and choose what in all human probability are the best remedies" for the costly lack of some scientific and coördinated method for the improvement of the city and its government.

When the committee reported in June, 1928, its chief and, in fact, its only concrete recommendations were for the appointment of additional committees to study the subject, particularly a permanent planning board. The report was essentially a frank confession that the task was too much for a committee constituted as it was.

Such an apparently meager result was expected from the first by those who knew something of the vastness and complexity of the task assigned to this committee and who realized that the experts in various branches of municipal administration were carefully seeded upon a thick layer of Tammanyites through whom no very drastic recommendations could be expected to penetrate.

There are cynics who assert the committee was never intended to do more than silence criticism of the Walker administration by putting the critics at work upon the preparation of the report. If this was true, the committee was a great success.

Others believe that this was the method taken by the real heads of the "new Tammany" to give a course of education in the need for city planning to their lesser "braves." If in this way the principles of city planning have been sold to the real governing body in New York City, then again the committee was a success.

Much conscientious labor was unquestionably performed by many members of the executive committee and of the various subcommittees; and the best survey of the problems of present-day New York together with suggested remedies for them is contained in their reports. One of the most thorough of these reports is that from the Subcommittee on Finance, Budget and Revenue. This report, as published in a separate volume, contains the best recent exposition of the very complicated financial system of the city, but curiously enough for such a scientifically prepared document, *as published*, it accepts the dangerously unsound subway financing policy of the present administration as good dogma, and never mentions the sleeping liability of $200,000,000 which the city has incurred through its unsound pension policies for employees. The discussions in other subcommittee reports vary from the definite, opposite and easily attainable (as, for example, in regard to amending the zoning resolution), to the fantastic dreams of eight or nine-tiered "multiple highways" which are clearly out of the realm of the practical.

The report of the whole committee was submitted in June, 1928, just as the summer season was beginning, so that nothing could be expected from its recommendations until the autumn. Then will come, in the action taken upon the recommendation for the establishment of a permanent city planning board—a body with real powers and, moreover, powers taken from the borough presidents in large degree—the real test as to whether Tammany was only playing a little game with the reformers and thinkers and best citizens or whether it is sincerely interested in the city planning which New York so badly needs.

GEORGE H. MCCAFFREY.

REGIONAL SURVEY OF NEW YORK AND ITS ENVIRONS: VOLUME III—HIGHWAY TRAFFIC. By Harold M. Lewis, in consultation with Ernest P. Goodrich. New York: Regional Plan of New York and its Environs, 1927. Pp. 172.

This document, revised from its first edition published in 1925, now comprises one of the twelve volumes by which the work of the Committee of the Regional Plan of New York and its Environs is presented to the public for permanent record. It frankly "does not enter into the discussion of proposals for relieving traffic congestion, but contains a statement and analysis of certain facts and tendencies of growth that had to be investigated before any plan was made," with the addition of a summary of proposals heretofore made by public authorities.

In comparatively brief space the salient facts

are amassed, and many of them analyzed so as to develop their deeper significance by graphic charts. A useful feature of the report is the four-page summary of the outstanding facts revealed by the investigation, of which the following are a few samples:

"Curves showing the relation between population and registration (of automobiles) have been following a quite definite law and can be extended with a reasonable degree of accuracy."

"By the year 1965 the total registration in the Region may reach 6,720,000 vehicles; of this total 2,260,000, or nearly four times the 1926 city registration, might be within the present limits of New York City."

"It is estimated that there were 1,870 fatalities which resulted from motor vehicle accidents in New York and its environs in 1925, representing an estimated financial loss of approximately $7,480,000."

"The financial losses to the community resulting from traffic congestion are estimated at $500,000 per day on Manhattan Island and $1,000,000 per day in the entire region."

"Traffic on Manhattan avenues crossing 48th Street will reach a point of saturation by about the year 1930—even if the present proposals for increasing the roadway capacity in these avenues are carried out."

Taken alone, it might be thought that by the scientific application of such facts the answer to the traffic problem of the New York metropolitan region, one hundred miles in diameter, would automatically be found; but in his introduction Thomas Adams forcefully warns that expedients designed solely to relieve traffic are apt to be doomed to failure because they do not regard the other functions of the street; and reference is made to discussion in other volumes of the survey of such phases as the relation of highways to zoning and the cause and extent of congestion in suburban areas.

ARTHUR C. COMEY.

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PUBLICITY FOR SOCIAL WORK. By Mary Swain Routzahn and Evart G. Routzahn. New York: Department of Surveys and Exhibits, Russell Sage Foundation, 1928.

"Publicity for Social Work" is a handbook for social workers who have to handle publicity for their organizations. To anyone who is familiar with the haphazard publicity in which many organizations indulge, the need for such a book would not have to be demonstrated. Let us hope that this carefully prepared volume, the first in the field, will not fall on barren ground.

Mr. and Mrs. Routzahn set themselves a difficult task. They found an almost virgin field in which to work out a technique. To quote from their introduction, "It soon became apparent, however, that in the majority of cases the choice of a method was determined by economy, imitation, or habit, rather than by deliberate judgment." They go on to say, "Except in rare instances we had no means of determining in any given case the relation between the methods used and the results achieved."

The book is divided into six parts with many pertinent illustrations. Again the authors' difficulty in finding good illustrative material shows a crying need for technical skill. To quote, "Examples of good writing, pleasing design, attractive pictures, and judicious selection of facts and ideas in social publicity to illustrate this book were hard to find. Higher standards need to be achieved in all of these lines before scientific testing is called for."

The newspapers should be grateful to the authors for their careful explanations of when and how publicity through that medium is possible. So often a social work organization will antagonize newspapers by urging on them unsuitable material or by wishing to have something published immediately which has no news value.

The book is so painstaking and detailed that the "greenest" social worker with some wit could follow its directions. Besides telling of ways of securing publicity through the newspapers and prepared printed matter, it deals carefully with public speaking, pageants, plays, exhibits, and how to organize and manage a campaign. At the end of their chapters on campaigns there is an apt warning: "Fewer and Better Campaigns might well be a slogan for social workers to follow. When an intensive campaign follows too closely upon the heels of a similar affair the method loses whatever advantages it may have over other forms of publicity."

In their last chapter Mr. and Mrs. Routzahn touch on a number of interesting problems in publicity yet unsolved, such as how to secure persons equipped in social publicity. There are no training schools as yet. No generally accepted ideas as to what should be their duties and their qualifications for the task. Another interesting problem is how to appeal to your public in a

popular manner and yet keep abreast with your forward-looking, highly technical organization.

Every organization should own this book. It would be well for heads of organizations to read it with special emphasis on the last chapter. Its fine concept of what publicity in social work connotes is well worth remembering.

GRACE H. CHILDS.

New York City.

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AMERICAN GOVERNMENT AND CITIZENSHIP. By Martin and George, New York: Alfred A. Knopf, 1927. Pp. 764, xi.

This book is avowedly a contribution to the experimentation of the period, an attempt at constructive change in the method of presenting an introductory survey of American government.

The most noticeable innovation is the addition of Part III, Foreign Relations of the United States, an extended treatment of 315 pages, covering both foreign policies and diplomatic practice.

The treatment of American Political Theory, Part I, also has new features. The emphasis is upon the *rationale* behind the formation of our political institutions, interwoven with the practice of the Founding Fathers. This involves added historical emphasis, possibly unduly extended. But to this history are harnessed cases and events of later years. For example, the Adams-Hamilton and Jefferson-Madison differences on the theory of federalism are followed at once by the Webster-Hayne debate and Calhoun's theory of nullification. It is an interesting experiment in presentation which deserves careful consideration.

The third innovation, which would be more interesting were it not crowded by the space requirements of the other two, is in Part II, American Government and Politics. According to the preface, the treatment of this section "makes unnecessary the usual divisions into national, state, and local government." "A modest attempt has been made to cut through the rather rigid divisions of government, and to emphasize functions and ideas." Three chapters, The Constitution and the Citizen, Parties and Party Platforms, and The Citizen and His Party, lend themselves readily to this treatment. In the other five, on fundamental laws, the executive, the legislative, the judicial system and the business of government, the governmental divisions are used within the chapters.

Approval or disapproval of the book will turn primarily upon acceptance or rejection of the general plan rather than on the details. To those who desire more material on foreign relations or theory, the treatment may commend itself. To those who feel that these are overemphasized there will be disappointment over the fifty per cent condensation made necessary in Part II.

The space allotment is roughly: Theory, 17 per cent; American Government, 41 per cent; and Foreign Relations, 42 per cent. Many will not agree that the latter deserves more space than all the remaining phases of American government.

Among the omissions regretted in Part II may be mentioned the following: The method of treatment reserves no space for county or township. The former is mentioned under the judicial system, and both are mentioned under the party system, but that is all. Taxation receives scant consideration; two pages of constitutional discussion under federal, a half page under municipal, and three lines under state government. The mechanics of voting are omitted and the ballot is mentioned solely in a casual reference to the short ballot, which is not explained. Nor is there sufficient space for the *rationale* behind such present-day movements as the reorganization of state administration.

With such definite departure from old methods, involving new allocation of material, the result might be more easily assimilated were the index not so incomplete as to titles and references under titles.

In general, this is a bold grappling with the untried. The triple experiment may handicap it as a text, but there is much of excellent treatment for the general reader.

F. H. GUILD.

University of Kansas.

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WATER PURIFICATION. By Joseph W. Ellms. New York: McGraw-Hill Book Company, Inc., 1928. Pp. 594.

Mr. Ellms, in this second edition of his book first published about ten years ago, treats in a comprehensive way the important and intricate processes of the treatment of water for the many uses of modern life.

A first impression made by the book is that its author does not believe the purification of water

to be a finished art. Points in the present-day knowledge of water purification where information is insufficient or lacking are indicated. The author is cautious in the discussion of developments which have not yet proved their worth.

Although theories are explained, the author, even at the expense of appearing redundant, stresses practical things. The author describes the various means which may be used to accomplish a purpose but he seems anxious to indicate, wherever possible, a best method. Thus, in the discussion of the handling of chemicals an entire section is given to best practices. Moreover, the author differentiates between acceptable means according to use.

Beginning with an introduction containing a brief history of water-supply development, the book proceeds to a classification of natural waters. Two chapters discuss the relationship of water supply to health and the effect of improvement in water supplies upon health. These are followed by an outline of the objects and methods of water purification. The remaining 28 chapters of the text are devoted to the detailed discussion of water treatment. Costs as well as types of construction and methods and results of operation are given. An appendix presents a discussion by C. N. Miller of the flow of water through rapid-sand filters, and in a second appendix Mr. Miller develops an approximate formula for the capacity of wash-water troughs for rapid-sand filters. Conversion tables and tables of equivalents, coefficients and rates of discharge are also included.

Recent thought in the field of water purification is, in general, adequately presented. There is an excellent account of the part that colloids play in the purification of water. A chapter is given to the effect of the hydrogen-ion concentration of natural waters. It is possible, however, that a reader may not find every development upon which he would like information; for example, sodium aluminate apparently is not considered among the chemicals used in water purification.

The book is simply and clearly written but, of necessity, it is technical. It is not, in its entirety, for the layman. As a book of reference for the water-works man it will be found to contain much information from plants in operation and to be generously illustrated. The student will find frequent references in the text and lists of references at the ends of the chapters.

C. A. Howland.

Elements of Political Science Research. By Austin F. Macdonald, Ph.D. New York: Prentice-Hall, Inc., 1928.

This book makes available source material and research methods in the field of political science. It is obvious that such material must be the background of any genuine research in that subject. It discusses the more important sources in the field, and does not attempt a list of all original material. Rather, its aim is to familiarize students with the purposes, methods, and chief sources of research.

The ten chapters are devoted to federal laws, other laws and ordinances, judicial decisions, Congressional and other debates, Congressional documents, executive and other reports, state year books, American and foreign legislative debates, book indices, etc. As to methods, the chapter on "Form" applying to research papers, while elementary and brief, will prove invaluable to beginners. The nature and use of original documents are outlined, and illustrative assignments are given at the end of each chapter.

This is really a handbook intended primarily for students enrolled in the advanced political science courses of our American colleges and universities. To these beginners the book will undoubtedly be of greatest value, although offering suggestions to others. The book is undoubtedly adequate for its purposes, being based upon a number of years' experience at the University of Pennsylvania. We know of no similar publication.

A practical researcher has no basis for adverse criticism of this handbook, when the author concedes its incompleteness, but the reviewer thinks that such an excellent start having been made it is unfortunate that its contents were not expanded beyond the ninety pages. Political science is a large field, including all phases of government, or politics. From the point of view of cost, municipal government is one of the most important of its branches; from the point of view of services rendered the citizen, it is certainly the most intimate. For these reasons, it would be fortunate if the volume were extended to include more specific references to municipal government and evidences of its improved processes during the past twenty years—the texts, the practical reports of research agencies and of the National Municipal League, magazines such as the Review and the *American City*, etc.

C. E. Rightor.

Detroit.

JUDICIAL DECISIONS

EDITED BY C. W. TOOKE

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Home Rule—Aviation Field Held to be a Public Utility.—In *State ex rel. City of Lincoln* v. *Johnson, State Auditor*, 220 N. W. 273 (June 27, 1928), the Supreme Court of Nebraska granted an original writ of mandamus to the defendant ordering him to register and certify bonds issued by the relator for the purpose of establishing and equipping a municipal aviation field. In the local referendum the proposal to issue the bonds was carried by a close majority vote and the auditor's refusal to certify the bonds was based upon the terms of a general statute requiring a majority of sixty per cent of the electors voting. The city contended that the provision of its home-rule charter requiring only a majority vote for the issuance of bonds for "public service property" and for "public utilities" was controlling against the provisions of the general statute.

In sustaining the latter contention, the court holds that the establishment of an air-port is peculiarly a municipal function and governed by the terms of the home-rule charter and that an equipped aviation field designed to make aerial transportation of passengers and freight available to its inhabitants is both a "public service property" and a "public utility" within the meaning of the charter which authorizes municipal bonds upon a majority vote. This decision, so far as it relates to air ports as a municipal function, is supported by the decision of the Supreme Court of Kansas in *Wichita* v. *Clapp*, 263 Pac. 12, reported in the April, 1928, issue of the REVIEW at page 238. One may also compare it with the decision of the Court of Appeals for Cuyahoga County in *State ex rel. Hile* v. *City of Cleveland*, 26 Ohio App. 158, in which it was held that the requirements of advertising an issue of bonds for an aviation field was controlled by the city charter, as the function was in its nature a local public utility.

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Public Buildings—Statutory Liens in Favor of Laborers and Material Men.—In *Boise-Payette Lumber Co.* v. *Challis School District*, 288 Pac. 26, finally decided by the Supreme Court of Idaho on June 29, 1928, a statute extending the general mechanics lien law to buildings of counties, cities, towns or school districts was held to be unconstitutional. While the state constitution imposes upon the legislature the duty of enacting a general mechanics lien statute, other provisions limiting the power of municipalities to contract debts or to pledge their credit are held to determine the public policy of the state which cannot be varied by legislative act. In the absence of express inclusion, public buildings are held to be exempt from general mechanics lien statutes. The decision in the instant case is supported by a similar ruling in California (*Mayrhofer* v. *Board of Education*, 89 Cal. 110, 26 Pac. 646).

The only state which has upheld such a statute is Kansas. In *Huttig Millwork Co.* v. *Randall*, 266 Pac. 106, the Supreme Court considers the effect of the statute, and holds that the foreclosure of such a statutory lien "is only to be regarded in a Pickwickian sense." At the proper time, unless the plaintiff's judgment is satisfied, mandamus will lie to compel payment or the imposition of a tax to raise funds therefor (*City of Frankfort* v. *Warders*, 119 Kan. 653, 240 Pac. 589). It will therefore be apparent that the remedy is similar to that available to material men or laborers on public works in other states where, as in New York, a lien may be filed against the funds appropriated to pay the contractor (*Italian Mosaic Marble Co.* v. *Niagara Falls*, 227 N. Y. Sup. 64).

These statutes giving to laborers and material men a qualified lien on public works have an important bearing on the question of their right to recover upon the contractor's bond as sole beneficiaries of the provision that the contractor will pay for work and materials furnished—which prevails in a majority of our states. If other remedies are provided by statute, it may result in the abolition of the valuable security that is now available to the laborer or material man, as they may no longer be properly considered the sole beneficiaries of this clause of the contractor's bond.

Torts—Liability for Pollution of Waters by Sewage.—The highest courts of Missouri and Oklahoma have recently affirmed the liability of municipalities for the pollution of lands and waters by waste of their sewage disposal plants. In *Windle* v. *City of Springfield*, 8 S. W. (2d) 61, the Supreme Court of Missouri held the defendant liable because of the direct invasion of the plaintiff's property by percolating sewage which contaminated his water supply so as to render it unfit for use. The contention of the defense that the injury was due to defective plans and that the function was governmental in character was met by the court's refusal to apply these bases of nonliability, where the operation of the plant resulted in a private nuisance or a direct trespass on private property. In *City of Enid* v. *Brooks*, 269 Pac. 241, the lower riparian owner was given a remedy for the damages caused by sewage pollution of the stream due to faulty operation of the septic tank system. Here again the defendant claimed immunity from liability upon the theory of a governmental function and the judicial nature of the adoption of plans, but the court held that these excuses could not be maintained where the damages were caused by negligent operation. These principles of limitation of immunity were fortunately established at a time when the operation of a sewer plant was looked upon as peculiarly for the convenience of the community and the public governmental character of health as a state function had not been generally recognized. The doctrine of the two instant cases is uniformly followed and almost nullifies any practical importance of the principle of immunity based on the judicial character of the adoption of defective plans (*Johnston* v. *District of Columbia*, 118 U. S. 19).

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Streets and Highways—Removal of Encroachments at Suit of Private Citizen.—In *Matter of Green* v. *Miller*, 249 N. Y. 88, the New York Court of Appeals was recently called upon to determine whether a writ of mandamus would lie to require the city officers to remove an encroachment on the street at the suit of a resident taxpayer. The court held that certain structures, as in the instant case a stoop and bay window, which do not interfere with the use of the street are not nuisances *per se* when supported by long usage and especially when erected and maintained under a revocable license; and therefore a taxpayer who was only intended as one of the public might not have the benefit of a writ of mandamus in an action against the city authorities alone. So many actions of this kind have been sustained of late years, that both the Supreme Court and the Appellate Division had decided that the petitioner was entitled to the relief asked for. The extreme cases where such relief is granted, however, are those wherein the property owner is also made a party defendant and the petitioner as an abutting owner on the street avers and proves special damages. Such cases as *Carlan Bros.* v. *Halle Bros.*, 155 N. E. 398, are predicted upon the peculiar rights of the adjacent abutting owner, whose light, air, view or access may have been interfered with. (See note, National Municipal Review, June, 1927.) Of these encroachments which under a license from the city the court refuses to regard as public nuisances, it enumerates cellar ways, iron platforms, news stands, vaults and areaways, awnings, bay windows, show windows, stoops and porticos—all of which have become familiar by long usage as necessary or convenient to the enjoyment of the abutting property. The permit so to use the street, however, is revocable at the instance of the city authorities and can never ripen into a right. For a recent case illustrating the right of the adjacent owner to abate such an encroachment, the reader may be referred to *Denman* v. *Mattson*, 268 Pac. 1045, decided by the Supreme Court of Washington last July.

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Streets and Highways—Dedication; Adverse Possession.—The question of the effect of nonaction by the municipal authorities on the dedication of lands, where a street is laid out upon a map filed in a public office and lots are sold in reference thereto, seems to raise recurrent doubts in the minds of many city officials. The notion that in all cases there must be an official acceptance, either formal or by public acts, to complete the dedication is often expressed, and the inference is drawn that in the meantime the offer is subject to revocation. Of course this is not true of a statutory dedication, and as a general proposition the filing of a map demarcating streets and selling lots in reference thereto is held to constitute in itself either a complete dedication of the street to the public (*Long Branch* v. *Toovey*, 140 Atl. 415) or is in effect a restrictive covenant in gross running to all purchasers of lots or their successors (*Menstell* v. *Johnson*, 262 Pac. 853).

The Supreme Court of Mississippi, on August 7, finally disposed of an important case involving this precise question. In *City of Ellisville* v.

Webb, 117 So. 836, an action was brought by a lot owner to quiet title to certain lands claimed by the city as part of a street. In 1891 the street had been platted on a map by the owner of the property as eighty feet in width and lots sold by reference thereto. The city did not move to improve the street until about 1905, when the street commissioner, as he testified, found upon the map a projection of about twenty feet into the street area, and thereupon proceeded to improve the remaining sixty feet as a street, the lot owners in the meantime fencing in the twenty-foot projection and holding it down to 1928. The court held that the dedication was complete in 1891, that the failure of the municipality to improve the street did not affect its title, that the city was not bound by the acts of its officers twenty-three years previous in cutting down the extent of the street, and that the lot owner could gain no right against the public by adverse possession although occupying it under a claim of ownership continuously for thirty-three years. The bill was accordingly dismissed, and the strip awarded to the city.

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Parks—Capacity of Counties to Administer.—In *Duval County* v. *Bancroft*, 117 So. 799, the Supreme Court of Florida, in a decision handed down July 3, affirms the capacity of counties in that state to take lands dedicated to park purposes as appropriate to the functions of health control, public welfare and convenience exercised by them. Ellis, C. J. and Brown, J. dissented upon the ground that the acts of dedication occurred in 1907 and that the statutory power of counties to acquire lands for park purposes was not granted until 1925. While recognizing that the lack of power to acquire by purchase or condemnation would not necessarily preclude an implied power to take by gift, the dissenting justices held that it was strong evidence that, prior to such grant, the administration of parks was not such a county purpose as would enable the county to act as trustee for the public. It seems apparent, however, that the purpose was not only public and for the benefit of the inhabitants of the county, but its administration was so related to the general functions of the county that the position of the majority of the court should be approved.

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Zoning—Exemption of Municipal Property.—The Supreme Court of Ohio in *Cincinnati* v. *Wegehoft*, 162 N. E. 389, reversing the Court of Appeals, holds that city property may be exempted from the application of zoning restrictions. The petitioner sought an injunction to restrain the erection of a fire engine house in a residential section, though permitted by the zoning ordinance. That the power to enact reasonable zoning ordinances may determine the classes of buildings permissible, when, as in this case, they are not nuisances *per se* and are designed to protect the property of the district and the safety of its people, would seem too clear to be disputed. Indeed, without the express exemption of an ordinance, where the question has been raised, the courts have held that zoning restrictions are not to be applied to municipal buildings.

PUBLIC UTILITIES

EDITED BY JOHN BAUER
Director, American Public Utilities Bureau

Oklahoma to Regulate Holding Companies.—A bill to be introduced at the next session of the Oklahoma legislature will seek to place the American Telephone & Telegraph Company, and other telephone holding companies, under the control of the state. In Oklahoma, as in virtually all states, holding companies escape practically all form of state regulation. Only the operating companies, strictly so considered, have been brought under control. The line of demarcation between operating and holding company is often narrow. Holding companies frequently form vital functions of operation. Because of the particular form of organization, however, they escape state control, and, to a considerable extent, defeat the purposes of regulation.

The object of the Oklahoma bill is to meet this situation. It provides also for a state-wide investigation of various aspects of the telephone business, so as to determine to what extent further regulation is necessary in the interest of the public. It is designed particularly to reach the vital intercompany relationships, such as the percentage of gross revenue collected by the American Telephone & Telegraph Company from each of its operating subsidiaries, the toll charges, the methods of financing, and contracts with the operating companies for instruments, maintenance, and various managerial services. All these relations result in imposing charges to the controlled companies, which have to be included in the rates. But the commissions are unable to examine the actual costs incurred to see whether the charges are excessive.

The Oklahoma bill points in the right direction. It should be extended to include all public utilities. No doubt, in many instances, the ultimate burden upon the consumer is increased materially by holding company arrangements which escape the scrutiny of state regulation through roundabout devices. The ultimate owners of the properties succeed in acquiring larger returns, in one form or another, than would be approved by the commissions under ordinary standards of rate making. To what extent the holding companies do impose unwarranted charges upon operating companies, is a question of fact that ought to be authoritatively determined. There is widespread opinion that this has reached the point of greatest abuse. This view is probably exaggerated, but it is based upon enough concrete indications to give it substance. The proposed Oklahoma course of a state-wide inquiry might well be adopted in all the states, to find out what the facts are, and what legislation is necessary to meet the situation.

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Example of Holding Company Influences in St. Louis.—The subject of holding companies and their relation to operating companies is probably the most important topic of public interest in the utility field at the present time. It concerns the control of the operating companies, the cost of service, and local regulation. It involves especially the relations of the utilities to the public.

We have stated in these columns repeatedly that the holding company furnishes an excellent device for effective economic organization of utilities which in their nature have a more extensive field than a single community. We have pointed out, however, that it lends itself to misuse, and may become primarily an agency for exploitation rather than for carrying out useful economic purposes. Striking illustrations could be produced from all parts of the country, and, it is hoped, many will be brought out in detail by the Federal Trade Commission in its investigation under the Walsh resolution.

We feel that the abuses perpetrated through the holding companies have been responsible, more than any other circumstance, for the mounting criticism against the utilities and the commissions. The holding companies have involved, to a large extent, non-resident control which in many instances has been ruthless toward reasonable public rights. They have imposed excessive costs upon communities, and have supported financial policies which have no reasonable justification. Not all holding companies have been guilty, but some have succeeded in forcing their lack of public spirit upon the management of the industry.

An interesting case illustrating what has happened in numerous instances in all parts of the country appears in the Laclede Gas Light Company, serving the city of St. Louis, Mo. This company has a long history of excellent service and satisfactory relations with the community. It had been built up over many years as a local concern, controlled dominantly by St. Louis people. The management understood the public character of the service, and accepted its responsibility to the people at large. It had a real goodwill among its patrons. It was progressive and efficient; it had the motive of public service, and was contented with a reasonable return. The stockholders had always been satisfied with moderate dividends; and there had never been any serious disputes over rates. The public attitude was responsive to the spirit of the management.

All this was changed rapidly about five years ago. Outside interests obtained stock control by paying much more than the local owners had ever considered the stock worth. After the purchase an outside management fee was imposed upon the company, and an outside chairman of the board was installed with a salary for which no evident services were rendered. The company moved for a valuation of its property to be made by the Public Service Commission. It employed the well-known tactics for obtaining maximum valuations, claiming high reproduction costs, large overheads, no depreciation, and huge going value. The Commission fixed a valuation of $45,600,000. Prior to the new control, the company had been satisfied with a return on about $25,000,000.

Naturally, the efforts of the new control aroused public opposition, and the goodwill built up over many years was rapidly dissipated. During the past year, the company has tried to get a rate adjustment which would enable it to earn a seven to eight per cent return upon the valuation fixed by the commission. Besides a general increase in rates, it has sought to impose the so-called "initial charge," which involves a large and unjustified service charge. The City of St. Louis appeared in strenuous opposition to the increased and revised schedule of rates. At the hearings, the antagonism between the public and the utility stood out clearly. Goodwill had disappeared; the public was antagonistic to the company, wholly on account of the outside control introduced and the unwarranted practices imposed upon the public.

In the hearings, evidence was presented that large salaries were imposed, and that outside management fees amounted to about $200,000 a year, although little or no service was rendered. Moreover, it was shown that the company was able to get a supply of gas by piping it some distance across the Mississippi River, from Illinois, where it was a by-product. This gas could be purchased at about 32 cents per thousand cubic feet, and the cost of transmission to the city of St. Louis probably amounted to 5 cents more. The cost of manufacturing gas in St. Louis was about 50 cents. The new source of supply, therefore, made it possible to effect material economy and thus convey an advantage to the consumers.

What did the company do? Instead of proceeding directly to obtain the cheapest gas possible for the public, and reduce its rates accordingly, a special company was organized, under the control of the same holding company. This subsidiary constructed the pipe lines and entered into contracts for the purchase of the by-product gas in Illinois. It transmitted the gas to St. Louis and delivered it to the Laclede Gas Light Company at 50 cents per thousand cubic feet, which was about equal to the cost of manufacturing the local gas. Through this intercompany device, the outside management kept for itself the profit between the low price gas and the old level of cost of production. The consumers were thus deprived of any benefit from the availability of a cheap source of supply. The policy of the new management has been reprehensible throughout. Under strict legal terms, it may not have violated any law, and it may consider itself righteous and abused. It has, however, been blind to its public responsibility, and has turned goodwill into distrust in a city of over 800,000 population.

We have briefly presented what happened in St. Louis. A similar course has been followed in a goodly number of instances, to our own knowledge. Here is the chief reason for public hostility to the utilities. The writer knows that the actual managers in St. Louis have felt humiliated, but have been practically unable to do otherwise than as directed by the outside interests. It is the holding company abuses that are a danger to the industry, so far as the public is concerned. This, we believe, does not involve all holding companies, but includes enough so as to constitute the chief public problem in the entire field of utilities in their relation to the public.

Logansport Telephone Case.—Another instance that typifies what has been going on in many smaller communities appears in the Logansport Telephone case before the Indiana Public Service Commission. The Logansport Home Telephone Company had been a purely local concern. It was organized in 1901 by local men who were eager to obtain for the business and professional interests in Logansport the benefit of modern telephone service. The whole property was built by local money, the stock was held by local people, the directors were Logansport business and professional men, and the management was built up wholly through local personnel.

The company had some serious vicissitudes: one a severe flood; another a bad sleet storm. The losses were taken by the local people, and the growth of the property paralleled the development of the community, with a steady improvement of the service as conditions warranted. The lines were extended to neighboring towns, so that the greater part of Cass County was served by the same concern. The company had no financial difficulties. It was able to make the needed extensions and improvements mostly out of earnings, and obtained steadily what was considered a fair return to the owners. The manager was a local man; all the employees were local people; there was goodwill throughout.

About three years ago the stock was purchased by outside financial interests. The group has been commonly assumed to be acting in behalf of a large holding company; but proof to that effect has never been furnished. A much higher price was paid for the stock than any of the local holders had ever expected; naturally the sales were made. Soon after the purchase, new salaries were imposed and overheads were increased; and a year ago the company appealed to the Public Service Commission for a large increase in rates.

In connection with the proposed increase in rates, the new management brought in outside valuation engineers and hired three groups of attorneys to represent its interests before the Commission. The valuation claimed for the property was based upon unit prices that were shown to be excessive, overheads that involved duplications and pyramiding, and going value that had no foundation in reality. The total valuation claimed was nearly three times the amount of the fair, actual investment made and maintained in the properties. The city of Logansport actively opposed the new rates and brought into the record the practices of the new control. The old goodwill has disappeared, and has been replaced by enmity. The proposed rates were denied by the Commission, and the practices of the company severely condemned. The Commission, however, did allow a moderate increase in rates, based upon its own valuation of the properties. The Company, in its new disregard of the public, is appealing to the courts.

Similar instances have occurred throughout Indiana, Ohio, Illinois and rural communities throughout the country. In most instances there had been goodwill because the management had been local and had due regard for its public obligations. This condition usually changed with the new control, which acquired the property for the purpose of making as much money as possible, without regard to local feelings and reactions. This course has destroyed the goodwill that had existed, and has raised antagonism to the companies.

Undoubtedly, the local telephone properties could be more efficiently operated as part of a large system. Greater economies of operation would be possible, and improved service would be available; there would be attainable also a fair and liberal return to the people bringing about the readjustment; and the customers might be rewarded with lower rates. The difficulty has been that the interested groups have not been contented with reasonable profits for themselves. They have not considered the public nature of the business, have disregarded local conditions, have established wider ranges of monopoly, and have sought to the utmost to capitalize the monopolies for their own advantage. Here, let us repeat, is the reason for the growing antagonism to the utilities. If, as we assume, only a small proportion of all the utility people are involved, it is important that the small number be curbed in the interest of the utilities at large.

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A $522,000,000 Utility Merger.—Last month we had an account of the so-called Consolidated Gas-Brooklyn Edison merger, through which the Consolidated Gas Company of New York acquired the capital stock of the Brooklyn Edison Company, and thus obtained control of practically the entire electric industry in the city of New York. In the meanwhile, the New York Public Service Commission has rejected a petition for rehearing presented by the City of New York and the Public Committee on Power.

The point of our article was the lack of consideration given to such an important development from the public standpoint. The movement of consolidations and the extension of holding companies is going on apace,—all without serious or adequate public consideration and control. As we are writing, we have before us a press statement reporting the control of the American Light & Traction Company purchased by the United Light & Power Company, bringing under a single management public utility properties with assets in excess of $522,000,000 at the close of 1927. Rumors of this particular merger have been circulated for some time. The final transaction, however, was clothed in extreme secrecy. It is said to involve the Koppers interests, linked with United Gas Improvement and other Mellon interests. It reaches into the city of New York, and includes the control of the Brooklyn Borough Gas Company. It is said to have a substantial interest also in Brooklyn Union Gas Company, which serves the greater part of Brooklyn and Queens in the city of New York.

The new system ramifies through wide sections of the country. It includes not only New York, New Jersey and Pennsylvania, but also Indiana, Illinois, Tennessee, Nebraska, Iowa, Ohio, Kansas, Missouri, Texas, Minnesota, Wisconsin, Michigan, and probably other states. The two large holding company groups are thus brought together under a single control, which in one way or another affects the destiny of communities in a large number of states. All this is accomplished as a private transaction, without any immediate public participation. While, perhaps, no substantial public injury will be perpetrated through this consolidation of managements, there is plainly a condition that cannot continue indefinitely, where large public affairs are consummated without public voice.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY RUSSELL FORBES

Secretary

California Taxpayers' Association.—After a year's work and study on the costs of government and expenditures for the city of San Diego, the tax experts of the California Taxpayers' Association have completed their survey.

The report numbers sixty pages and contains eight charts and two large maps. Numerous tables, scattered throughout the booklet, aid in carrying home the study of San Diego's expenditures in the past and the proposed expenditures for the future.

The survey is divided into two principal parts. First, the receipts and expenditures of the city from 1917 to 1926, inclusive, are examined, and, on the basis of these past expenditures, a financial program to the year 1936 is projected. The second part of the survey deals with the engineering features of the city government and contains an exhaustive study of the costs of operation of the water department and of the harbor department, together with a projected program for each of these departments to the year 1936.

A study of the school system has not been included in this survey because it was thoroughly studied in the San Diego county report, which the Association made public last May.

The intent of this research survey is to present the facts of government to the citizens of San Diego. After reading the report any San Diego citizen should know how his government is conducted, what its sources of income are, how its income is derived, and how it is expended.

The report makes a complete study of the various factors of San Diego's city government from 1917 to 1926. Eight factors of government were considered,—organization of the city government, population, assessed valuation, bonded indebtedness, receipts, disbursements, budgetary control and water consumption.

✽

Municipal Research Bureau of Cleveland.—The Bureau has issued a report on *Paving Work and Paving Costs in the City of Cleveland with an Analysis of Concrete Tests.*

The study of the financial requirements of the city of Cleveland, with an analysis of operating costs and capital improvement expenditures, has been completed and is ready for release.

The Bureau aided a citizens' committee in a study of a new jail and criminal courts building. The committee determined to place the building adjacent to the police headquarters' building, believing that this location would expedite the administration of criminal justice.

Aid is also being given to a citizens' committee which is studying regional government.

The staff has been augmented by J. Curtis Jenkins who was graduated last spring from the School of Citizenship and Public Affairs of Syracuse University.

✽

Milwaukee Citizens' Bureau.—The Citizens' Bureau has requested the common council, school board and county board of supervisors to appoint jointly a committee of citizens to formulate a ten-year public improvement program. The need of the most careful long-term planning was established by comparing the overwhelmingly long list of proposed projects with the limited financial ability of these governmental units. The possibility of new sources of revenue was reviewed in a statement of the present method of financing the construction of sewers. This indicated that while the city is eighty-two years old, one-third of the entire mileage of sewers in the city had been built during the last seven years. Only ten per cent of the cost was paid for by the owners of the property made salable by these improvements.

The financing of the expansion of the water system was cited as another illustration of the possibility of increasing the city's revenue. One-half of the city's investment in the water system has been paid in the last seven years out of the revenue resulting from the 1921 water rates increase, ostensibly made for the purpose of building a filtration plant. It is proposed that the citizens' ten-year improvement committee study the possibility of special assessments for water and sewer expansion.

The proposed strong-mayor proportional representation charter prepared by the City Charter League, to which the Citizens' Bureau acted as consultants, has been printed and distributed for criticism and comment. Preparations are being made for a strenuous campaign in anticipation of the April, 1929, referendum.

A study of the possibility of improving by-path streets to relieve traffic congestion instead of street widenings by setting back curbs or establishing building set-back lines, is being studied by the Citizens' Bureau.

✻

National Institute of Public Administration.—The report of the Subcommittee on Finances and Financial Administration of the New York City Committee on Plan and Survey was recently published by the Columbia University Press. This is the most comprehensive report on the finances of the city issued in recent years. Herbert H. Lehman was chairman of the subcommittee with Lindsay Rogers, Howard Lee McBain, and Robert Murray Haig as consultants. Luther Gulick formulated the research program for the report. Contributors to the different chapters were as follows:

Chapter I, "The Fiscal Structure," Joseph McGoldrick, of the department of government, Columbia University; Chapter II, "Expenditures," McGoldrick, Luther Gulick, and A. E. Buck; Chapter III, "Salaries," R. O. Beckman, examiner, Civil Service Commission, Cincinnati, Ohio, and Luther Gulick; Chapter IV, "Purchasing," Russell Forbes, secretary, National Municipal League; Chapter V, "Revenues," Luther Gulick and R. O. Beckman; Chapter VI, "Taxes and Assessments," Joseph McGoldrick and Luther Gulick; Chapter VII, "Debt" (in part), Paul Studensky, lecturer on public finance, New York University; and Chapter VIII, "Subway Finance," John Dickinson, assistant professor of politics, Princeton University.

The appendices were prepared by William Watson, Joseph McGoldrick, Ernest Wilvonseder, Robert M. Haig, and Donald H. Davenport.

Bruce Smith, of the National Institute of Public Administration, sailed for Europe on August 30 to study methods of collecting criminal statistics in European countries, in connection with his work for the Committee on Uniform Crime Records of the International Association of Chiefs of Police.

Donald C. Stone, formerly of the Cincinnati Bureau of Municipal Research, has joined Mr. Smith's staff at 261 Broadway, New York, and will be associated with him in the preparation of his report on uniform crime records.

✻

Schenectady Bureau of Municipal Research.—A. H. Hall, instructor in political science at Union College, who has joined the staff on a part-time basis, has completed his examination of the administration of Schenectady's civil service. The report not only covers the organization in general, but includes complete rules and regulations for the administration of the city's employment system, together with job classifications for the classified service and suggested salary standardization. The report will be submitted to the mayor and civil service commission after being reviewed by a special subcommittee of the Bureau directors.

City Hall Plan Competition.—On July 31 the Bureau submitted its report containing a suggested program of the manner of selecting an architect for the new city hall building by limited competition. It is gratifying to the Bureau that on August 15 the board of contract and supply approved the Bureau plan and is proceeding in accordance with its suggestions.

Long-Term Financial Program.—The capital budget commission, recently appointed by Mayor Fagal, is now considering the future financial plan for the city. Much attention has already been given to the income side of the budget for the next five years. The Bureau staff has been spending a large part of its time in compiling material for this important project.

A report covering the problem in a general way has already been submitted to the commission. Additional sections dealing with the city's population growth, physical expansion and bonded indebtedness have also been completed. These will be submitted to the commission shortly. A detailed study of present and possible sources of revenues is also nearing completion. This latter study will complete the investigation of the income side of the anticipated budgets for the future period.

Building Code.—The Bureau is preparing a review of the proposed new building code. This is expected to be completed during the next few weeks and will be submitted to the mayor and to the chairman of the committee on laws and ordinances shortly thereafter.

MUNICIPAL ACTIVITIES ABROAD

EDITED BY W. E. MOSHER

Director, School of Citizenship and Public Affairs, Syracuse University

City and Regional Planning.—(a) Preservation of Rural England.—A Council for the Preservation of Rural England has been recently formed, consisting of representatives of local governmental units. In general its purpose is to make the most of the resources of the countryside in any given region, guarding on the one hand against the destruction of attractive features, and planning on the other for the best possible utilization of natural and other resources from the economic, scenic and related viewpoints.

This council would inspire the members of town and county councils as well as the joint town or regional planning committees to look upon their task of planning for the future in the broadest possible way. The power that may be exercised and that should be exercised by these agencies includes the following: zoning; the reservation of wide areas to be retained either for agriculture or open to public use; construction of roads and highways that will relieve congestion in towns and villages on the one hand, and will destroy attractive views as little as possible on the other; prescribing adequate building lines; control of design and materials used in building, so that eyesores may be avoided, and the like.

When it is considered that forty-five regional planning committees are now in existence in England and Wales and that their functions cover an area of six and a quarter million acres, it seems clear that the ambitious program of preserving the attractiveness of the countryside and even making it more attractive may in considerable measure be realized.—*Local Government News*, November, 1927.

(b) The Place of Color in City Planning.—An organization has been launched recently in Germany whose purpose is to arouse interest in the introduction of color schemes as a part of the city planning program. This organization has its headquarters in Hamburg. It publishes a periodical entitled, "The Colored City" (*Die Farbige Stadt*). Its policy is to coöperate with the established organs of administration not alone of the city, but also of the township, county and the state; further, with associations of artists, architects, contractors, houseowners, and trade unions; finally, with technical and trade schools and academies offering training in the fine arts. Its thesis is that the recognition of color as a necessary unit in the development of a city is defensible from the points of view of art, physiology, psychology, and good business. The program of the union embraces education, research, publicity of all kinds, and the maintenance of an information center. The annual dues are fifty marks a year for organizations, and fifteen marks a year for individuals.

That this is not the dream of fantastic idealists is proved by the progress which has been made by the city of Osnabrück. Through the interest and coöperation of the building and housing bureaus of the city government and of the public at large this city has undergone a transformation that immediately strikes the eye of the visitor. A comprehensive color policy has been laid out and widely adopted. It is based on the belief that every structure needs color and that there is a color appropriate to it in its surroundings. The progress already made is in no way due to compulsion; friendly competition and civic pride have been sufficient incentives. As a consequence Osnabrück bids fair to become a pioneer in the use of color for the purpose of enhancing the beauty and attractiveness of its streets and buildings.—*Zeitschrift für Kommunalwirtschaft*, issues of June 25 and July 25, 1928.

⁂

Centralization and Decentralization.—An interesting charter has been drawn up for the suburb of Höchst, a town of 3,000 inhabitants, that was recently incorporated into the city of Frankfurt-on-the-Main. The basic conditions in this charter are the following: (a) that the town of Höchst, shall constitute an electoral district by itself, (b) that in its administration as large a number as possible of the representatives shall have a share, (c) that the greatest possible flexibility will be permitted in carrying on the work of the community of Höchst in so far as this does not interfere with the interests of the rest of the city.

Practically, the administration of the suburb is carried on under the auspices of a special district bureau. The city officials with whom the population of Höchst normally come into contact are under the direction of this bureau. In other words, decentralization has taken place so far as most branches of the administration are concerned. Technical control, however, such as of the building department, fire department, hospital, etc., is centralized in the main offices of the city of Frankfurt. It should be noted that a separate unit of the police department has been set up for Höchst.

At the head of the district bureau is a member of the central administration in Frankfurt, but as it happens he was formerly the highest official in the town of Höchst before it united with Frankfurt. The executive head who works under the official just named was also formerly connected with the local government. A special committee is appointed from the council of Frankfurt and charged with general powers concerning the suburb. It coöperates like any other councilmanic committee with the administration of the town. The majority of its membership consists of those who have been originally nominated by the district council of Höchst.

The district council is a representative body consisting of twenty-five members who are elected at the rate of one for every 2,000 inhabitants. The councilmen of the central body of Frankfurt who are elected from Höchst are also members of this council. In this way, the local council of the smaller unit is kept in touch with the council of the city at large.

The functions of the council are advisory. One special function is that it shall watch over the observance of the agreement made between Frankfurt and Höchst at the time of the latter's incorporation and raise objections to any apparent infringement of rights on the part of the central government.

The chief connection between the council of Höchst and the governing body as well as the administration of Frankfurt, is obviously the official head of the district bureau. He is a member of the central government. He has his seat in the district council. He is responsible for the actual administration of the town. Finally, it is provided that in connection with any transaction affecting the district of Höchst, the district shall have the right to demand the appointment of its councilmen from the central body to any committees or deputations upon which it is otherwise not represented. Committee members are to have only advisory powers.

It should be noted that no basic concessions have been made to Höchst so far as finance and budget are concerned. The necessity for centralization in this respect is obvious. Finally, it should be mentioned that this arrangement may be terminated at the end of fifteen years. It is considered in Germany to be a very interesting and promising break with the normal tendency toward complete centralization.—*Zeitschrift für Kommunalwirtschaft*, June 25, 1928.

*

English Local Government.—For one interested in a condensed analysis and criticism of important aspects of the structure and method of local administration in England the July issue of *Public Administration* will be of much value. Those who have been accustomed to think of the efficiency and quality of the English local government as a goal to be hoped for but not attained, will find some solace in the remarks of Mr. E. D. Simon. The pessimistic note that he strikes at the outset reminds one very much of an American critic writing of home affairs. Such phrases as "apathy," "decline of civic spirit," "real risk of degeneration in our local government" sound an alarm with which we are all too familiar on this side of the water. The following sentence also has a familiar sound: "The average person feels that our local government is well and honestly run, that it is an utterly boring subject, and that his sole duty consists in giving a casual vote once a year and otherwise leaving it alone."

We are no less astonished when we read that the English would do well to emulate the city of Chicago with its twelve hundred voluntary associations "concerned in some way with endeavoring to promote better local government"; further, that the English might well follow our example and reduce the number of councilmen; and finally, that they would find it advantageous to found a national municipal research bureau modelled after the New York Bureau of Municipal Research. An American reviewer cannot fail to take satisfaction in the fact that we apparently have something to contribute to a country so long and favorably known in the field of local government.

Turning from the introductory statement, we find that the whole of the July issue is devoted to a series of papers read at a special summer conference of the Institute of Public Administration

held in Cambridge at the end of June. The program consisted for the most part of the discussion of three topics, dealing (1) with the effect on administrative organization and methods of the increasing scope and diversity in their work as it concerns the elected counsellor and the staff officials, with emphasis upon the relation of the council and the staff; (2) with the organization of central bodies for promoting the services carried on by local authorities, such as the provision of information and advice concerning the organization and administration of the various offices, and finally, with the subject of centralized purchasing; (3) with the methods of selecting local officials.

The authors of the papers in this issue of *Public Administration* were exceptionally well-qualified to talk upon the subjects assigned to them, so that altogether they constitute a brief and excellent diagnosis of important conditions now obtaining in local government in England.

Emphasis is laid upon the importance of better coördination under a responsible and competent head, preferably the town clerk. Belief in the committee system was subscribed to in various quarters, and whenever the city manager idea was advanced it was scouted as being inapplicable to English conditions. In dealing with the desirable reorganization of the county authority, one of the speakers advanced the idea that there should be thoroughgoing centralization of control within any given county unit excepting the large cities and that a permanent executive should be appointed to serve under the legislative authority of the county. This sounds familiar to some of our ears.

The readers of the REVIEW who have been supporters of the Bureau of Municipal Research in one city or another will be gratified to know that the British spokesman on the topic of central agencies felt keenly the need of a central body for the purpose of disseminating information and giving advice with reference to matters of local administration. Due recognition was given to the central bodies already existing whether in the form of national associations of public officials or of governmental bureaus as in Ministry of Health, the Home Office, and Board of Trade, and the like. A new central agency was advocated that would not alone provide information concerning the various functions of government, but also might well contribute to more general knowledge concerning office technique, accounting, county methods, etc. Specific reference was made to the New York Bureau of Municipal Research as a model for this agency.

One paper was devoted exclusively to the discussion of the possibility of centralized purchasing. It was felt in the main that this is a task of coördination between the departments of the government of any given city. Proposals made on this subject are well known to those who are acquainted with centralized purchasing in this country.

Finally, four papers dealt with examinations for local officials. The underlying belief seemed to be that such examinations are feasible for the whole country. Although we think of England as the mother of the civil service system there was no reference to the adoption on the part of local authorities of the idea of civil service commission. There was agreement in the main that the examining body for the various local units should consist of representatives from the association of councils, that is, the legislative branches from professional organizations of public officials and the National Association of Local Government Officials. In one or two instances it was suggested that universities and technical schools should also find representation upon the examining board.—*Public Administration*, July, 1928.

NOTES AND EVENTS

EDITED BY RUSSELL FORBES

Toledo to Submit Two Charters to Referendum in November.—In last month's issue we reported that the city manager-P. R. charter, devised by the charter commission, is to be submitted to the voters for approval in November. Since that time a minority of the charter commission, who refused to approve the majority report, have formulated an alternative charter. The minority charter was passed by the council on August 23. It differs chiefly from the report of the majority group in providing for election of councilmen by wards instead of by proportional representation.

The alternative charter was vetoed by Mayor Jackson September 1. In his veto message, the mayor scored the action of the minority group, charging in part that

> Some of the representatives of the people in this free city of ours were threatened with political oblivion, intimidated and coerced to a point where they were practically forced to vote for the measure against their better judgment. . . . I cannot believe that a councilman is doing justice to his constituents by voting for legislation which was prepared by a dissatisfied, disgruntled minority, shrouded in mystery, and rushed through by political connivery and personal threats.
>
> The passage of this legislation, in my opinion, is a serious indictment of representative government in our community. The whole procedure is disgusting to friends of good government.

On the same day as the mayor's veto message was delivered, the court of common pleas held that the mayor's signature was unnecessary to charter amendments, and issued a writ of mandamus, which ordered the city clerk to certify the minority charter to the board of elections. Unless this decision is reversed in a higher court, both charters will appear on the ballot in November.

Institute of Municipal Administration.—Marking the beginning of a new epoch in the study of municipal problems, an institute of municipal administration, under the division of public administration, was held at the University of Southern California, August 13 to 18, inclusive. The institute represents a concrete expression of the belief held by President R. B. von Kleinsmid of the University, that universities exist for the welfare of the community.

One of the outstanding features was the series of lectures delivered by Dr. Otto Schreiber of Germany. Dr. Schreiber holds the chair of law governing aeronautics at Koenigsberg University, Germany. Other features were the lectures delivered by the following national authorities on the subjects given: William B. Munro of Harvard University, "General Problems of Municipal Government"; Miller McClintock of Harvard University, "Street Traffic Control"; Abel Wolman, chief engineer, State Department of Health, Maryland, "Sanitary Engineering"; Ira Hiscock, associate professor of health, Yale University, "Public Health"; Francis H. Hiller, field representative, National Probation Association, "Juvenile Dependency and Delinquency"; Charles M. Spofford, civil engineering, Massachusetts Institute of Technology, "Bridge Engineering"; John N. Edy, president, International City Managers' Association, "City Clerkship Administration"; Tipton R. Snavely, professor of economics, University of Virginia, "Taxation and Assessment"; Edwin A. Cottrell, Stanford University, "Budgets and Accounts."

The institute was very ably handled by Professor Emery E. Olson of the University, as director, with the assistance of a group of public-minded citizens. The institute brought together some 600 public officials and interested citizens. The interest taken by public officials is indicated by the fact that 467 registered for the different courses offered by the institute. A very high standard has been set for all similar future gatherings.

Roy Malcom.
University of Southern California.

Institute of Public Affairs, University of Virginia.—The second session of the institute of public affairs was held at the University of Virginia, August 6 to 18. It was well attended and its program was interesting and varied. Round tables occupied the early part of each morning, followed by an open forum participated in by the whole institute. Evening lectures in

the McIntire amphitheatre completed the day's round of activities. Among the round tables of most interest to the readers of the REVIEW were those on: "Taxation," led by Mark Graves; "County Government," led by Kirk Porter; "Political Parties," led by A. R. Hatton; and "Municipal Management," led by Thomas H. Reed. Among those who participated in these round tables were Professor E. W. Crecraft of Akron, Walter Millard, Leyton Carter, and several members of the staff of the Cleveland Bureau of Municipal Research. The high spots in the round table on Municipal Management were the discussion of personnel administration opened by Fred Telford of the Bureau of Public Personnel Administration, and the discussion of municipal accounting and reporting.

The chief excitement at the institute arose in connection with some of the open forums. The first of them, conducted by Professor Hatton, related to the question as to whether any real difference of principle now divided the Republican from the Democratic party. It provoked several fiery bursts of oratory. The open forum on the press brought out an incidental attack on Governor Smith's religion which caused another succession of super-heated speeches. Less irritating and dramatic, but perhaps of more constructive importance, were the discussions of regional government and the county manager plan. The first of these was lead by Professor Reed, and included papers on the Pittsburgh and Cleveland proposals for solving the metropolitan problem, by Joseph T. Miller, and Leyton Carter, respectively. Professor Porter decried the necessity of a county manager and was supported by his senior colleague at Iowa, Professor Shambaugh. Walter Millard very effectively presented the merits of the manager plan.

The most significant contribution of the institute this year as last was the mingling of Northern and Southern points of view. Most persons who live either North or South fail to realize the extent of difference in attitude of the two sections, or when they do catch a glimpse of the opinions prevalent in the other section they react against them with violent prejudice. No Northerner could fail to be edified by the exposition of the reasons underlying the "solid South" as expressed by Mrs. Sarah Lee Fane, the brilliant and beautiful representative of Norfolk in the Virginia legislature. Professor William E. Dodd of Chicago University, Virginian by birth, approached the same subject in an interpretive address of extraordinary merit. We of the Northern delegation can only hope that we gave something worth while in return. A note of broad and sympathetic nationalism was struck in the address of W. R. Lounsbery of New York which left a lasting impression on his audience. It is good for men and women of both sections to mix and talk things over frankly even at the expense of having to listen to a lot of nerve-roughening disagreements on prohibition, religion and party candidates.

If I may be pardoned a personal word, I liked it so much I am going back for more at the first opportunity.

THOMAS H. REED.

University of Michigan.

Reading Appoints Supervisor of Public Machinery.—The city of Reading, Pennsylvania, has recently established the office of supervisor of public machinery. The supervisor "shall have the care, management, direction, control and administration of the maintenance and repair of all motor vehicles, fire apparatus, pumps, and other machinery of every kind and description belonging to or used by any of the departments, bureaus, boards and other agencies of the city. All such departments, bureaus, boards and agencies shall obtain all repairs and replacement parts for machinery through the supervisor of public machinery, and not by direct contract with private parties, nor by having said repairing done under their own supervision. It shall be unlawful for the city controller to countersign, or the city treasurer to pay, any warrants or checks for repairs to, or replacement parts for machinery, except upon certificate of the supervisor of public machinery, that such parts or repairs have been obtained by his authority and under his supervision."

The supervisor is given authority to organize and manage a municipal machine shop in which all repairs to public machinery are to be made. All necessary equipment and repairs are to be procured through the office of the city purchasing agent.

A few other cities have centralized the custody and maintenance of motor equipment, but Reading is believed to be the pioneer in centralizing the control of all public machinery in the hands of one official.

New Jersey Adopts Uniform Traffic Law.—On September 1 a uniform traffic law became

effective throughout the state of New Jersey. The law represents three years' study by the State Traffic Commission and was adopted by the New Jersey legislature at its 1928 session after introduction by Assemblyman Russell Wise of Passaic County.

The new law enforces uniform traffic regulations in all municipalities and counties of New Jersey. Municipalities are given three years in which to change their local traffic signals in compliance with the law. Center traffic signals, whether automatic or controlled by police, are abolished. The new uniform traffic rules, as summarized in the New York *World* on August 30, are as follows:

No jay walking.

Persons are not to throw from any motor car while in motion, any goods, bundles or merchandise.

Coasting down hill with clutch out or gears in neutral is prohibited.

Pedestrians are prohibited from crossing a street against a stop signal and can use only the designated crosswalk when the signal or officers give them the right of way.

At intersections where traffic is controlled, pedestrians have the right of way over all traffic.

It is unlawful for any person to solicit or stop motor vehicles in the roadway for the purpose of asking for rides.

Forty miles an hour in open country where traffic is not controlled; ten miles an hour while passing a school; fifteen miles an hour on curves and on grades when the driver's view is obstructed within a distance of 100 feet; twenty miles an hour in business districts where traffic is under control and in all residential districts; fifteen miles an hour in business districts where traffic is not controlled.

A three-color system of traffic lights is to be used. The colors are red, amber and green. The latter will be the signal to proceed. Amber will be used as a caution sign for the exclusive use of pedestrians.

Various colors and dimensions for traffic signs have been provided in the law. Stop signs are to be all yellow with red letters and with the word "stop" painted in the center. Slow and caution signs are to have a yellow background with black lettering; direction, information, restriction, one-way and detour signs, white background with black lettering. Corners and edges of all signs are to be rounded slightly for safety.

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Fifteenth Annual Convention of the International City Managers' Association.—The International City Managers' Association met in annual convention at the Kenilworth Inn, Asheville, N. C., on September 17–20. On the opening day the forenoon session was given over to the address of welcome by the mayor of Asheville, N. C., and the annual reports of the president and secretary of the association. The afternoon session consisted of reports of association committees.

On the evening of Sept. 19, Louis Brownlow, consultant to the City Housing Corporation of New York City, addressed the annual banquet of the association on "The Human Element in City Administration."

At the various sessions during the convention, round table meetings were held on the following subjects:

Development of airports.
Training for the profession of public management.
Given a community expending a certain sum of money for the operation of its administrative services—How can a reduction of the expenses of operating those services be effected without impairing the cost of the services?
A short course for the new men in the profession under the leadership of the elder members of the profession.
Should not the towns and cities unite in concerted effort to procure their just proportion of the proceeds of the gasoline tax?
Fundamentals of public service.
Problems of the city manager in the large city.
Problems of the city manager in the small city.
A discussion of the practical application of city planning and zoning, its inception and growth, and whether actual results are measuring up to expectations.
Municipal insurance, group insurance and pensions.
Street traffic control.

A feature of the convention was an address by Arthur Collins, secretary of the Institute of British Municipal Treasurers and Accountants, on the subject of "British City Accounting and Taxation." The international interest in the city manager plan was further shown by an address by Dr. Leonard D. White, of the University of Chicago, on "English Opinion of the City Manager Plan." An address was also given on "Centralized Purchasing in Cities" by Russell Forbes, secretary of the National Municipal League.

The proceedings of the convention will be published in the annual yearbook of the City Managers' Association.

FEDERAL AID TO THE STATES

Report of the

COMMITTEE ON FEDERAL AID TO THE STATES
OF THE NATIONAL MUNICIPAL LEAGUE

Prepared by

AUSTIN F. MACDONALD, University of Pennsylvania, *Chairman*

Supplement to the
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FOREWORD

The committee on Federal Aid to the States was appointed by the National Municipal League in 1927. The personnel, as shown below, is representative of the various groups interested in this important subject.

The preparation of the committee's report was intrusted to the chairman, Professor Austin F. Macdonald of the University of Pennsylvania, who made an exhaustive study of all phases of the system of federal aid and who is today an outstanding authority on the subject. Although the report was prepared by the chairman, the other committee members have given advice and suggestions for certain minor corrections which are incorporated in this final draft.

Part I of the report summarizes the origin, development, and present extent of federal aid to the states. Part II concisely discusses the federal-aid laws and appraises the manner in which they are administered. Part III is a critical estimate of the federal-aid system, with recommendations by the committee for needed improvements in administration by the federal and state governments.

The personnel of the committee which sponsors this report is as follows:

Austin F. Macdonald, *Chairman*,
University of Pennsylvania

H. J. Baker,
State Director of Agricultural Extension Work,
Rutgers College, New Brunswick, New Jersey

Mrs. La Rue Brown,
National League of Women Voters

Paul H. Douglas,
University of Chicago

Thomas H. MacDonald,
Chief, Bureau of Public Roads, U. S. Department of Agriculture

John N. Mackall,
Chairman, State Road Commission, Maryland

John K. Norton,
Director of Research, National Education Association

S. H. Thompson,
President, American Farm Bureau Federation

James T. Young
University of Pennsylvania

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PART I

INTRODUCTION

THE history of the present federal aid policy dates from 1911. In that year Congress passed a statute, popularly known as the Weeks Act, which contained an appropriation of two hundred thousand dollars "to enable the Secretary of Agriculture to cooperate with any State or group of States, when requested to do so, in protection from fire of the forested watersheds of navigable streams." [1]

There was nothing new or unusual about the payment of federal funds to the states. For more than a century Congress had been busily engaged in granting to the states millions of acres of federal domain and millions of dollars of federal money.[2] Nor was it surprising that the act should specify the purpose for which the subsidy was to be used. Nearly all the earlier grants carried with them the stipulation that they must be used for schools or roads, or for some other definite purpose.[3] In fact, when Congress authorized federal subsidies to the states for the establishment of state agricultural colleges and agricultural experiment stations, it even went so far as to require annual reports from the colleges and stations established under the several acts.[4]

PROVISIONS OF THE WEEKS ACT

But the Weeks Act was unique in that it provided for federal inspection of state activities, and made continuance of federal aid dependent upon federal approval of state plans. In other words, it purchased for the federal government a measure of control over matters which had commonly been regarded as affairs of purely state concern ever since the adoption of the federal Constitution. Earlier subsidy laws had directed in general terms that the grants be used for highways or for schools, but they had made no attempt to specify the kinds of highways or the types of schools. Still more significant, they had established no medium through which the federal government could learn whether the states were keeping faith. Under their provisions some states might choose to squander their allotments,[5] while other states might use their portions with honesty and foresight; but in any even t federal funds would continue to descend, with almost divine beneficence, upon the just and the unjust alike.

The Act of 1911 set up a new standard. The federal grant for fire protection, though expended by state officials, must be spent by them subject to federal approval. Their fire prevention plans must be satisfactory to the

[1] 36 Stat. L. 961.

[2] *Cf.* Orfield, M. N., *Federal Land Grants to the States,* and Keith and Bagley, *The Nation and the Schools.*

[3] An act of Congress of 1802 granted land to Ohio for the use of schools. *Cf.* 2 Stat. L. 173.

[4] 12 Stat. L. 503; 14 Stat. L. 208; 24 Stat. L. 440; 25 Stat. L. 176; 26 Stat. L. 417; 34 Stat. L. 63, 1256, 1281.

[5] Many states did squander their allotments. In 1919 the state treasurer of Wisconsin declared: "If the State of Wisconsin had not practically given away its valuable school lands years ago, we would not have to raise any school taxes for generations to come. In years gone by, the State sold hundreds of thousands of acres of fine timber lands for a mere song. Had that timber been preserved . . . it would now maintain the schools of the State for generations to come without raising one cent for school purposes by taxation." (Keith and Bagley, *op. cit.,* pp. 55–61.) Instances of this sort might be multiplied *ad nauseam.*

federal Forest Service. Equally significant, every allotment received from the federal treasury must be matched dollar for dollar by state funds. And even the manner of spending these state appropriations must meet the approval of federal officials. The Weeks Law thus contained in embryonic form the essential features of the present subsidy system—all details of administration in state hands, subject to federal approval, and state matching of federal funds.

FEATURES OF THE SUBSIDY SYSTEM

It was not long before the principles of the 1911 law were embodied in other statutes. In 1914 Congress passed an act providing for a subsidy of several million dollars to stimulate agricultural extension work, and during the following seven years six other federal aid measures were enacted into law.[1] All these acts contain certain features in common—features which have now become characteristic of the American subsidy system. They provide for the payment of money from the federal treasury to the states. This money is apportioned, generally speaking, on the basis of population.[2]

Three important conditions are attached to every one of these newer federal aid laws. The first condition imposed is that a state, before receiving federal funds, must formally accept the federal offer. Acceptance implies that it will do its share to make the work a success. It involves the establishment of a coöperating state agency. If federal bureaus are to coöperate with state governments, they must have state agencies with which to do their coöperating.

The second stipulation is that a dollar of state funds must be appropriated for every dollar of federal funds received. The appropriation of state money is a *prima facie* evidence of good faith; it is concrete evidence that the state is interested in the work, and is willing to do something more than spend the federal allotment. As a matter of fact, most states do considerably better than match the federal subsidy; frequently the state appropriation is two or three times as large as the federal grant.

The third condition is by far the most important. It is that state plans must be approved by federal officials, and that state and federal money alike must be spent under federal supervision. The initiative remains in state hands. State officials prepare their budgets, formulate their policies, outline their plans. State officials choose their subordinates, direct the actual work, spend the money. But state budgets, policies and plans must be approved by the federal government. State standards must be acceptable to federal officials. State activity must produce results.

ACCEPTANCE OPTIONAL WITH STATES

There is no suggestion of compulsion in all this. A state must establish a board of vocational education, a highway department, or the like, only if it wishes to secure its share of the federal grant. Its plans must conform to federal standards only if it desires to obtain federal money. It is entirely free to refuse the federal offer, and to carry on its own program without federal inspections or federal advice. Or it may make no provision whatever for vocational education or highway construction, as it sees fit. But in

[1] One of them, the Chamberlin-Kahn Act, providing for the control of venereal disease, was essentially a war-time measure, and work under it has since been discontinued.

[2] The forest fire prevention subsidy is an exception. Population is only one of three bases used in determining the apportionment of funds for highway construction.

order to become eligible for the federal allotment, it must formulate satisfactory plans, and must execute them in a satisfactory manner.

The federal offer is in no sense a club. It is an inducement intended to secure a reasonable measure of uniformity and reasonable minimum standards without taking from the states the control of their own affairs. In fact, it is so powerful an inducement that scarcely a state can resist it. All the states accept the federal subsidy for vocational education, for highways, for agricultural extension work. Only one refuses its National Guard allotment. Forty have adopted approved programs of civilian rehabilitation, and forty-five are coöperating with the federal government in child hygiene work. The number of states qualifying for the forest fire prevention subsidy is limited, of course, by the number of states having forests and forest fire problems. Without attempting coercion in any way the federal government has found a means of inducing virtually all the states to pay respectful attention to its suggestions.

In 1912, the first year of coöperation with the states under the Weeks Law, the total amount of federal funds paid to the state governments was a trifle more than eight million dollars. Most of this money—ninety-nine per cent of it, in fact—went for purposes over which the federal government exercised virtually no control. State agricultural colleges and agricultural experiment stations were large beneficiaries. Large sums were paid to the states from the sale of federal lands within their borders. The state militia organizations were supported in considerable part with federal money. And these grants were made without any real attempt to insure their proper use. The states were left to their own devices.

IMPROVED STANDARDS OF ADMINISTRATION

But the Weeks Law established an important precedent. It pointed the way to improved standards and more satisfactory results. Congress began to realize the possibilities inherent in a system of federal aid. Since federal money was to be paid to the states, the federal government might well ask something in return. It might require the states to establish proper standards, and it might demand the right to satisfy itself that these standards were maintained.

THE GROWTH OF FEDERAL SUBSIDY

Since 1915 federal subsidies to the states have grown by leaps and bounds. In 1915 the total of federal payments was ten million dollars; by 1920 it was nearly thirty-six millions. The next year it mounted to ninety million dollars, an increase of one hundred and fifty per cent within a period of twelve months. The 1927 federal-aid payments amounted to one hundred and thirty-six million dollars. Compared with the eight millions of 1912, the 1927 total seems large indeed. But far more significant than the amount is the fact that ninety-five per cent is given to the states with definite conditions attached. Ninety-five per cent is paid to the states only after state work has met the approval of federal inspectors.

The chart on the following page shows the growth of federal aid, year by year, since 1912.

The largest subsidy is for highway construction. Nearly sixty per cent of all federal aid is for this purpose. Twenty-three per cent is for arming and equipping the National Guard. No other subsidy takes as much as five per cent of the total. The table on the following page shows the distribution of federal aid for the fiscal year ending June 30, 1927.

FEDERAL AID PAYMENTS TO THE STATES, 1912–27 [1]

1912	$8,149,478.21
1913	7,752,961.01
1914	10,533,660.78
1915	10,352,211.79
1916	12,645,489.02
1917	15,625,056.55
1918	22,805,680.12
1919	22,104,992.13
1920	35,923,706.48
1921	90,437,848.13
1922	128,366,639.95
1923	111,727,193.28
1924	128,067,312.27
1925	147,351,393.22
1926	141,614,101.05
1927	136,659,786.47

[1] This chart is taken from Macdonald, Austin F., *Federal Aid*, p. 7, Crowell, 1928.

FEDERAL AID PAYMENTS TO THE STATES FOR THE FISCAL YEAR 1927

Support of agricultural colleges	$2,400,000.00
Support of Experiment Stations	2,400,000.00
Coöperative agricultural extension work	*6,875,727.55
Vocational education	7,184,901.51
Vocational rehabilitation	880,263.00
Highways	81,371,013.03
National Guard	31,363,935.31
Forest fire prevention	654,101.57
Distribution of nursery stock	71,194.61
Forestry extension work	46,241.64
Maternity and infancy hygiene	899,824.71
State fund under oil leasing act	2,498,689.58
State fund from sale of public lands	*13,893.96
Total	$136,659,786.47

*1926.

Nor does this table tell the entire story. The states received thousands of acres of federal domain during 1927. They were given a considerable amount of surplus war material to aid their highway departments in road building. They were paid small sums for the elimination of agricultural insect pests, the eradication of plant diseases, and the like, though the exact amount of these grants cannot be determined with accuracy. So one hundred and thirty-six million dollars is a conservative figure.

STATES RIGHTS AND FEDERAL AID

The federal-aid movement, as it has evolved since 1911, is an attempt to combine the need for national standards with the desire for local autonomy. The importance of local self-government is widely recognized in the United States; it has been stressed for more than a century by nearly every president from Jefferson to Coolidge. The right of the states to control their own affairs is traditional. It is a right supported not only by a written constitution but also by an omnipotent public opinion.

Yet time is making increasingly clear the fact that the states cannot be left entirely to their own devices. Their interests are so closely interwoven, their dependence on one another is so great, that today every state has a very vital interest in what every other state is doing. Some years ago Professor Gale Lowrie formulated the principle that governmental power should be as broad as the problems with which it must deal. When this criterion is

applied to the field of state government, the limited sphere of state activity becomes apparent. Highway construction cannot remain solely in state hands, for good roads are a matter of national concern. The equipment and training of state troops cannot be entrusted entirely to the states, for those troops may at any time be needed to protect the nation. The great forests are an important part of the nation's wealth, and their protection from fire cannot be left entirely to state forestry departments. It is obvious, however, that we cannot transfer complete control over our highways, our forests, our education, and a dozen other functions to Washington. While it is important to emphasize the nation's interest in Missouri's highways, for example, it is also essential to remember that Missouri has a most vital interest in its own roads. The establishment of national standards is essential, but no less essential is the preservation of state autonomy, so that programs and policies may be varied to meet varying local needs.

The outstanding problem of American administration is to harmonize the conflicting interests of the nation and of the states, to set up a national minimum of performance, and yet to retain control primarily in the forty-eight commonwealths. The subsidy program of the federal government offers a practical solution of that problem. It insures the recognition of local needs by placing responsibility in state hands. State officials formulate their own plans; state officials spend their own money and federal money as well; state officials direct the actual work of road building, child hygiene, or whatever it may be, from start to finish.

FEDERAL ENFORCEMENT OF STANDARDS

But all state plans, all state expenditures, all state work must be approved by the federal government before federal funds are paid to the states. And state programs that make provision for something less than the national minimum are certain to be rejected by the federal authorities. The "national minimum" is a very intangible but very real thing. It applies to every part of the country, but its exact meaning varies from section to section. Highways financed in part with federal funds, for example, must be properly designed. Satisfactory materials must be used in their construction. Those rules hold good whether the road is to be built across the Arizona desert or across a strip of New Jersey farmland. But it does not follow that the same materials must be used in both states. Nor is it at all likely that a highway designed for Arizona's needs will meet the requirements of Jersey's traffic. Obviously the establishment of national standards does not mean the adoption of a policy of deadening uniformity, without regard for local conditions and local practices.

For more than half a century every attempt to impose restrictions upon the use of land or money granted by the federal government to the states has met with bitter opposition. Many states have squandered wantonly the proceeds from the sale of federal lands turned over to them by various acts of Congress, though other states have prudently administered the funds thus obtained. When the famous twenty million dollar surplus of the federal government was distributed among the states in 1837, most of them wasted it on wildcat schemes or spent it for temporary needs.[1] Yet there have always been some persons to defend the privilege of the states to squander or to hoard as they might see fit. Doughty champions of state sovereignty have

[1] Keith and Bagley, *op. cit.*, pp. 55–61.

long contested the right of the federal government to protect its gifts by imposing conditions that would guarantee their proper use.

The first attempt to safeguard a federal subsidy was made in 1857, when Justin S. Morrill, a representative from Vermont, introduced in the House a bill providing that a portion of the public lands be granted to the several states, the proceeds from the sale of these lands to be used for the establishment and maintenance of colleges devoted to agriculture and the mechanic arts. It must be admitted that the effort to protect federal funds was most feeble. In return for lands worth millions of dollars the states were required only to establish agricultural colleges and to make annual reports, through their governors, on the progress of the institutions.

The bill contained no suggestion of federal inspection or supervision. Yet its introduction was the occasion for a veritable storm of protest from the Southern members in both houses of Congress. Senator Mason of Virginia expressed his opinion of the measure in no uncertain terms. "It is using the public lands as a means of controlling the policy of the state legislature," he said. "It is an unconstitutional robbery of the Treasury for the purpose of bribing the states. Suppose the bill was to appropriate eight or ten million dollars from the Treasury, for the purpose of building up agricultural colleges in the states, would honorable senators who patronize this bill vote for the appropriation; and if they would not, why not? If they have the power to do it, and they believe it is expedient to do it, why would they not just as well take the money from the Treasury, to build up agricultural colleges, as to take public lands? . . . It requires no prophet, it requires none particularly conversant with the workings of any government, more especially this, to see that in a very short time the whole agricultural interests of the country will be taken out of the hands of the states and subjected to the action of Congress."[1]

IS FEDERAL AID CONSTITUTIONAL?

Just as Senator Mason advanced the argument of unconstitutionality seventy years ago, so today there are some persons in public life who maintain that the present federal-aid policy is a violation of the rights of the states. Speaking before the Pennsylvania State Chamber of Commerce in the fall of 1925, Governor Albert C. Ritchie of Maryland declared: "It simply cannot be argued that the Federal Government has any right to use federal funds as a means of acquiring a control over local state purposes, which under the Constitution is not granted to the Government but is reserved to the states. That, under our present Constitution, is simply indefensible."

The Supreme Court of the United States, however, is not in complete accord with the Governor of Maryland. Its opinion concerning the subsidy policy of the federal government, delivered in 1923, is difficult to reconcile with Governor Ritchie's views of 1925. "If Congress enacted [subsidy legislation] with the ulterior purpose of tempting [the states] to yield," said the Court, "that purpose may be effectively frustrated by the simple expedient of not yielding." Yet Governor Ritchie and others still maintain that from a constitutional standpoint federal aid "is simply indefensible." The question of constitutionality came before the courts in 1922, when one Harriet A. Frothingham, a resident of Massachusetts, brought suit to prevent the

[1] *Congressional Globe*, 35th Congress, 2nd Session, p. 718.

enforcement of the Sheppard-Towner Act. This law provides for federal aid to the states in reducing maternal and infant mortality and in protecting the health of mothers and infants. When the suit reached the Supreme Court it was joined to a separate action by the State of Massachusetts, also contesting the constitutionality of the Sheppard-Towner Act, and the two cases were decided together.

ARGUMENTS AGAINST ITS CONSTITUTIONALITY

Three main points were raised by the attorneys for Massachusetts. These contentions were:

1. Federal aid (specifically, the grant for the protection of maternity and infancy) constitutes "an effective means of inducing the States to yield a portion of their sovereign rights." The effectiveness of the subsidy system as a means of securing a measure of supervision over state activities is evidenced by the fact that every state accepts some federal aid, while most of the states accept every subsidy offered. In theory the states are quite free to reject any or all federal proposals. But in practice no such freedom exists. State legislatures cannot afford to ignore any possible source of revenue, for they are faced with the perplexing problem of preventing an increase in tax rates while they meet the demand for higher standards of service—better schools, better roads, better protection.

2. "The burden of the appropriations provided by this act and similar legislation falls unequally upon the several states, and rests largely upon the industrial states, such as Massachusetts." It is clear that federal revenues are derived chiefly from the wealthier states, from the states best able to bear the burden of federal taxation. New Jersey's per capita tangible wealth is nearly double the per capita tangible wealth of New Mexico.[1] The per capita incomes of the two states are in about the same ratio.[2] It may reasonably be supposed, therefore, that New Jersey is contributing *far more per person* than New Mexico to the federal treasury, that fountainhead of all federal aid. But under most of the subsidy laws New Jersey gets back from the federal government *exactly the same amount per person as every other state*, for population is the usual basis of apportionment. In other words, some states are receiving from the federal government less than they pay in, while others are receiving more. In Massachusetts, a wealthy industrial state, federal aid is regarded by many as a losing proposition.

It is quite obvious that the subsidy system results in a transference of wealth from the richer to the poorer states. The constitutional right of the federal government to transfer wealth in this manner was questioned by the State of Massachusetts, and passed upon by the Supreme Court of the United States in the cases under consideration. The wisdom of such a policy is still a properly debatable question, and will be discussed in another section of this report.[3]

3. Federal aid imposes upon Massachusetts, as well as upon other states, the "illegal and unconstitutional option either to yield to the federal government a part of its reserved rights or lose the share which it would otherwise be entitled to receive of the moneys appropriated." Massachusetts officials are sometimes taunted with the fact that although their legislature has seen fit to refuse the federal child hygiene offer, yet it has accepted every other subsidy proffered by the federal government. Their reply is usually that Massachusetts possesses no real choice in the matter. True, it may accept federal money or may refuse it. But in any event it must contribute to federal revenues through the federal taxes laid upon its citizens.

THE U. S. SUPREME COURT DECISION

The Supreme Court dismissed the two cases for want of jurisdiction, pointing out that no justiciable issue was presented. It then proceeded, however, to make a number of highly significant statements which showed clearly the attitude of its members towards the subsidy system. These

[1] "Estimated National Wealth," a part of the Census Bureau's *Decennial Report on Wealth, Public Debt, and Taxation, 1922.*

[2] Leven, Maurice, *Income in the Various States*, National Bureau of Economic Research, New York, 1925.

[3] *Cf.* pp. 658–660.

statements, though in the nature of *obiter dicta*, are fairly conclusive proof that no subsidy law framed after the fashion of the present statutes will be declared unconstitutional.

Speaking through Mr. Justice Sutherland,[1] the Court first considered the contention of Massachusetts that the Sheppard-Towner Act was "an effective means of inducing the states to yield a portion of their sovereign rights." "Probably it would be sufficient," declared the Court, "to point out that the powers of the States are not invaded, since the statute imposes no obligation, but simply extends an option which the State is free to accept or reject. But we do not rest here. . . . What burden is imposed upon the States, unequally or otherwise? Certainly there is none, unless it be the burden of taxation, and that falls upon their inhabitants, who are within the taxing power of Congress as well as that of the State where they reside. Nor does the statute require the States to do or yield anything. If Congress enacted it with the ulterior purpose of tempting them to yield, that purpose may be effectively frustrated by the simple expedient of not yielding."

The second claim of Massachusetts, that the burden of the appropriations . . . rests largely upon the industrial states, "was obviously a misstatement. No burden was placed upon Massachusetts, since it did not accept the provisions of the act. A tax burden *was* placed upon its citizens by the act, and this is evidently what the state's attorneys had in mind." But as the Supreme Court pointed out, the citizens of Massachusetts are also citizens of the United States. If the burden of federal taxation becomes unduly heavy, it is to the federal government that they must turn for relief, and not to the state. "It cannot be conceded that a State, . . . may institute judicial proceedings to protect citizens of the United States from the operation of the statutes thereof. In that field it is the United States, and not the State, which represents them." The third contention was brushed aside as inconsequential.

[1] 262 U. S. 447.

THE RESULTS OF FEDERAL AID

With the question of constitutionality thus settled, the effects of federal aid on state activities and state standards of performance may be given serious consideration. Has the subsidy system stimulated state work? Has it raised state standards? Has it occasioned unreasonable federal interference in state affairs? Has it produced a reasonable degree of standardization and uniformity? Has standardization been carried to an unreasonable degree? These are some of the questions that must be answered by any person or group of persons attempting to evaluate federal aid.[2]

First, however, a clear picture is necessary of the subsidy system in actual operation. One must know just how a device works before attempting to judge its merits and defects. Part II of this report is therefore devoted to a description of the more important federal-aid laws and the manner in which they are administered. Part III contains a critical estimate of the system.

[2] These questions are considered in greater detail in Macdonald, Austin F., *Federal Aid.*

PART II

THE SUBSIDY SYSTEM

Forest Fire Prevention

The Weeks Law of 1911, to which reference has already been made, limited federal coöperation in fire protection work to the forested watersheds of navigable streams. But in 1924 Congress passed a statute, popularly known as the Clarke-McNary Act, which authorized federal aid for the protection from fire of all private or state forest lands.[1] As under other subsidy laws, the initiative rests with the state. It is quite free to ignore the federal offer. But if it desires to secure its share of the federal appropriation its first step is to frame a plan of fire protection. This plan must show the areas to be protected, the headquarters and approximate routes of patrolmen, and all other relevant facts. The actual or proposed organization of the state forestry bureau must be set forth in detail.

With this information at hand the United States Forest Service, which has been charged with the administration of the law, determines whether the state is prepared to make an honest effort to protect its forest lands from fire, and if satisfied it approves the state plan. The Forest Service has no single standard by which it gages the efficiency of state programs. Every plan must be considered in its relation to local needs, local customs, and even local politics. For federal coöperation will not be refused merely because a state's forest rangers are sometimes appointed as a reward for political activity, nor even because its standards are somewhat below the standards of the federal government. The Forest Service believes that the only way to better conditions in any state is to work patiently with its officials and to point out to them the need for improved standards, instead of refusing to coöperate with a state until it has reached a condition of perfection.

[1] 43 Stat. L. 653.

FEDERAL SUPERVISION OF EXPENDITURES

Federal funds and the state funds which match them are expended under the direction of the state foresters. In some states, such as Pennsylvania, the state forester is in complete control. He hires the fire fighters and directs their activity. In other parts of the country the duties of the state forester are more of a supervisory nature, a great deal of the actual work of fire protection and fire fighting being left to the town wardens. This is largely true in New England. The great forest states of the Northwest employ a still different plan, based on the activities of the large timber owners.

But in any event the state is the unit of control. The duty of the Forest Service is merely to approve state plans and to make certain that those plans are carried into effect. Seven federal district inspectors are charged with the task of examining state protective systems and auditing state accounts, and each is assigned to a territory comprising several states. These men spend much of their time in the field, eating and sleeping with the state forces. Most of them devote from six to eight weeks yearly to each state under their jurisdictions, and in that period of time they are able to secure reasonably accurate mental pictures of the effective-

ness of state fire protection work. In some of the more progressive Eastern states the period of federal inspection is often reduced because of consistently high standards, making more careful scrutiny unnecessary; and in some of the Southern states it is cut short because the federal inspector for this territory has been placed in charge of too many states, and finds it impossible to cover his entire jurisdiction satisfactorily. Steps have already been taken with a view to splitting up the Southern work still further.

FEDERAL STAFF INADEQUATE

As a matter of fact, every federal inspector is underpaid and overworked. Salaries do not seem excessively low when compared with the compensation of state foresters; but they represent a mere fraction of the amounts paid expert foresters by the private lumbering companies. Very few of the best men remain long in governmental employ; if, indeed, they ever enter it. The salaries of the seven federal district inspectors average but thirty-eight hundred dollars a year, and thirty-eight hundred dollars is a pitifully small sum to pay a man who is qualified to inspect state activities and to point out the weakness of state protective systems. The heavy pressure of work also tends to make the job of federal inspector unattractive. Seven men are not enough; the present inspectional staff should be doubled. And yet, considering the poor pay and the long hours, the federal inspectors are men of surprisingly high calibre and unusual faithfulness. It is generally agreed that the Forest Service is getting full return or a little better for the money paid in salaries to the district inspectors. A number of the men, though experienced foresters, were unfamiliar with the technique of fire protection and fire fighting when first they received their appointments; but with the passing of time this charge can no longer fairly be brought against them.

THE PROBLEMS OF FEDERAL SUPERVISION

Every federal bureau administering a subsidy law is confronted sooner or later with a number of important questions which must be answered decisively. Shall it set up fairly definite standards to which coöperating states must conform? Or shall it study each state plan separately, making no attempt to establish uniform rules? Shall it exercise its right to cut off federal allotments from any state not living up to its agreement? Or shall it merely try to persuade the errant state to return to the straight and narrow path of honest performance, continuing to pay out federal funds in any event? When state politics interfere seriously with state administration, as they have a habit of doing at times, shall the federal bureau try to correct the situation? If so, how? When incompetents are given posts of authority in state affairs, shall the federal bureau which must coöperate with them demand their removal? Or shall it merely ask that state work be satisfactorily performed, leaving it to the state to remedy the situation?

These are vital questions. The success of federal aid depends in large measure on the way they are answered. And no two bureaus administering subsidy laws have answered them in exactly the same way. Some of the federal bureaus set up rather rigid standards, and require the states to conform strictly. Others make no attempt to set up standards, but measure each plan in terms of local needs, and it is in this group that the Forest Service belongs. As already pointed out, it permits the greatest variation among state plans, allowing states with different condi-

tions to submit totally different programs. When a state fails to live up to the plan which its own officials have drafted, the Forest Service has legitimate cause for complaint. Under the law it would be justified in cutting off all further state appropriations.

In practice it does no such thing, however; and neither does any other federal bureau. There have been a few instances in which federal aid has been cut off entirely from a state; Arkansas, for example, some years ago lost its entire allotment from the highway subsidy because of the unsatisfactory manner in which it handled federal funds. But such instances are extremely rare, and it may fairly be said that nothing short of a scandal will bring about the complete withdrawal of federal aid from a state. Portions of a state's allotment are often held back for a time, however, because federal and state officials are unable to agree as to the wisdom or legality of certain state expenditures.

THE EFFECTS OF POLITICS

In some states politics play havoc with virtually every phase of the administration, and state forestry departments have not escaped their share. Frequently their payrolls are padded with the names of men powerful in vote-getting but weak in forestry, while more than one state forester is chosen with little regard for his ability to fill the post. The federal inspectors soon become familiar with the calibre of the state forces. They know quite well that some of the men with whom they must coöperate are woefully ignorant of their jobs. But they continue to cooperate.

The Forest Service is long-suffering, for it knows that more than one state, if told to choose between political appointments and federal aid, would not need two hours to discard federal aid. And the loss of federal aid would be a most serious matter. It might undo all the good accomplished in years of coöperation. Despite the handicap of state politics, federal inspection and federal guidance have proved a remarkable stimulus to state activity and a wonderful incentive to improved state standards. If the Forest Service cannot determine which men will be appointed by the states, it can at least make sure that the men who are appointed will have a better concept of their duties because of contact with federal officials. The accepted tradition in Washington is that no federal bureau administering a subsidy law will interfere with state personnel. The demand may be made upon a state to better its standards or to use federal and state-matched funds more effectively, but not to appoint or dismiss any given person. The Forest Service comes nearest to violating this tradition, for though it has never directly demanded the resignation of any state official, it has in more than one instance applied pressure that resulted in a state forester's dismissal. This practice is contrary to the generally understood rôle of the federal government, and has not been adopted by any other federal bureau. Even the Forest Service would probably make formal denial of any such activity.

THE GROWTH OF FIRE PROTECTION

Under the stimulus of federal aid state protective programs have expanded at an astonishing rate. Total state expenditures for forest fire protection amounted to but three hundred and fifty thousand dollars in 1912; by 1927 the total state outlay had passed the two million dollar mark. Federal expenditures have also increased rapidly, but have kept well below the state total. In no year have they exceeded thirty-five per cent of the amount spent by the states. During the decade and

a half of coöperation under the Weeks and Clarke-McNary Acts the number of acres of state and privately owned forest land adequately protected from fire more than tripled and the number of states accepting the federal offer has mounted from eleven to thirty-three.

The following table will serve to make clear the remarkable progress that has been made:[1]

Expenditures for Forest Fire Prevention

Fiscal year	Number of states Coöperating	Area protected (in acres)	Federal expenditures	State expenditures
1912*	11	61,000,000	$53,287.53	$350,000.00
1913	12	68,000,000	53,247.82	380,000.00
1914	17	83,000,000	79,708.27 †	415,000.00
1915	18	95,000,000	69,581.75	505,924.70
1916	20	98,000,000	90,481.28	408,087.08
1917	21	103,000,000	90,580.14	435,328.11
1918	21	104,000,000	98,529.75	565,625.24
1919	22	110,000,000	99,921.38	625,445.54
1920	23	121,000,000	95,107.86	860,919.49
1921	24	149,000,000	119,529.83	1,066,027.47
1922	26	169,000,000	400,000.00	1,757,000.00
1923	26	166,000,000	394,094.64	1,826,685.78
1924	28	170,000,000	396,479.82	1,473,084.96
1925	29	171,000,000	397,646.97	1,844,191.70
1926	32	182,000,000	638,427.59	1,874,893.19 ‡
1927	33	196,000,000	654,101.57	2,009,416.06

* Period March 1, 1911 to June 30, 1912.
† Expenditure partly made from funds of preceding year.
‡ Includes $263,512.58 expended by private agencies.

THE BASIS OF APPORTIONMENT

The Clarke-McNary Law differs from most of the other subsidy statutes in that it does not provide for the allocation of federal funds on the basis of population. Instead, it leaves the matter of apportionment entirely in the hands of the Secretary of Agriculture, who has ruled that federal aid is to be apportioned among the states according to their fire protection needs. The cost of protecting adequately the timber supply of each state has been determined by the Forest Service in consultation with state officials, and each state has then been given an allotment based on the quantity and quality of its timber, and on the fire hazard. When the basis of apportionment is not definitely fixed in the law itself, which is customary, but instead is left to the discretion of federal administrators, greater flexibility is secured. It is possible to make a nice adjustment between a state's need and its allotment and to make special provision for unusual conditions.

On the other hand there is the obvious danger that federal funds will be allocated without regard to need, and in such a manner as to strengthen the hand of federal officials. The Forest Service, however, has apportioned the fire protection subsidy in an honest and intelligent manner. The state foresters are nearly unanimous in the opinion that no attempt is made to strengthen the federal position by juggling federal aid. Some of the states least willing to accept federal advice are receiving large

[1] Table supplied by United States Forest Service.

sums of federal money because of the magnificent forests within their borders.

ENCOURAGEMENT TO REFORESTATION

Under the provisions of the Clarke-McNary Law two other small grants are also made to the states; one for the production and distribution of forest-tree seeds and plants, the other for educational work designed to stimulate interest in tree growing. The administration of these subsidies involves no unusual features.

Agricultural Extension Work

In the United States are about three thousand counties which may be classed as predominantly rural. In two-thirds of these counties are men and women known as county agents, paid in part by the counties in which they work, in part by the states whose people they serve, and in part by the federal government. Each is assigned to a single county,[1] and each is expected to carry to the farmers of his county the message of better agriculture. He must show how to grow better crops, how to improve the quality of livestock, how to market crops most effectively, how to keep more accurate farm records and accounts. This he must do informally and interestingly, for he has no schoolhouse, and no truant officers to aid him. The women agents are called home economics agents; their task is to show the housewives how to do more effectively the work of the farm home.

The activities of these agents are known as agricultural extension work.

[1] There are some exceptions. In some states it is customary to join together two or more very poor counties, employing a single agent for the group; while in other states are found a few county agents "at large," who devote their time to counties having no permanent extension work for the purpose of arousing popular enthusiasm.

THE WORK OF THE "COUNTY AGENT"

In the early days of extension work the average county agent used to spend all his time traveling from farm to farm, repeating at each farm the demonstration he had already given several times in the neighborhood. In each case his audience would consist of from two to five people—the farmer and his boys. Some county agents still work in exactly this manner. Most of them have learned, however, that while a great deal of individual attention is necessary, the most effective work is carried on in relatively large groups. If the message can be told to a handful of persons, why not tell it to half a hundred? A tremendous amount of energy can thus be conserved for more productive uses. The only trouble is to get half a hundred persons together to listen to the agent's message. Organization is required to accomplish that. And the most successful agents have been able to interest the leaders in their communities, inducing them to build up organizations that coöperate in spreading the gospel of improved farming methods.

THE "FARM BUREAU" MOVEMENT

Some years ago the United States Department of Agriculture attempted to stimulate the creation of organizations of farmers by sponsoring the "farm bureau" movement. The farm bureau was to be a voluntary association of farmers in each agricultural county, and its purpose was to be purely educational. It was designed to further the county agent movement, and not to embark upon commercial ventures.

But as the farm bureau movement increased in popularity the bureaus in many states lost sight of their original purpose. They undertook marketing enterprises and other commercial activities; as they united to form state federations they engaged actively in

lobbying for or against legislative proposals. In short, they were ordinary commercial farmers' associations, competing with other farmers' associations for rural favor. It is not surprising, therefore, that a feeling of hostility to the whole county agent movement developed among the rival farm organizations. As the Farm Bureau has gradually divorced itself from the county agent movement and assumed the character of a commercial association, this hostility to extension work has lessened, and in time it will doubtless disappear altogether. In a few states the bureaus have never lost sight of their original purpose and today they still serve as educational groups developing extension work.

Federal, state, county and private funds are all used in furthering the extension movement, but the proportion from each source varies greatly from state to state. Federal money is allotted to the states on the basis of rural population. In two states, California and Pennsylvania, each county agent's salary is paid entirely from state and federal funds, and the counties are asked to pay only incidental costs, such as traveling expenses and office rent. In Massachusetts, on the other hand, the state pays nothing, and the entire burden of matching the federal grant rests upon the local communities. Most states require the counties to pay incidental expenses and a part of the salary in addition; but it is customary to make some contribution directly from the state treasury. The money raised in the county may come from public sources or from private contributions. The arrangement varies from state to state.

STATE CONTROL OVER COUNTY AGENTS

There are also great differences in the extent of state control over the county agents. It is customary for each county to choose its own agent from a list of suitable persons whose names are submitted by the state director of extension work, but there is no uniformity concerning the method of dismissal. In most states the county officials may dismiss an agent at will. This act does not force the agent from the extension service; instead he is transferred to another county in the hope that he will give satisfaction at a new post. Should he be unable to satisfy the people in any one of a number of counties, he is eventually dropped from extension work. A few states, such as Montana, place a larger measure of control in the hands of the state director, authorizing him to demand charges and a formal hearing before any agent may be dismissed by county authorities. If local politics seem to be involved, the director may even require a formal vote of the people of the county on the question of dismissing the agent.[1]

QUALIFICATIONS OF COUNTY AGENTS

Ninety-five per cent of the county agents are college graduates. Most of those in the remaining five percent group are farmers who have been in the service fifteen years or more, survivors of the time when emphasis was placed on "practical" experience rather than scientific training. But successful farming experience is still an essential part of the equipment of every county agent, a fact which state directors know, but sometimes ignore of necessity.

The salaries paid county agents are so small that men of high calibre are seldom attracted; and if successful experience is to be made a prerequisite in addition to college training, the financial inducement must be made considerably greater. In one state the

[1] For a discussion of the part played by politics in extension work, see Macdonald, Austin F., *Federal Aid*, p. 67 *et seq.*

minimum salary is fourteen hundred dollars; other states offer beginners but little more. Throughout the country the average salary paid to county agents is only twenty-seven hundred dollars, and the agents are worth just about that amount. Some states stand out brilliantly from this mediocrity with high salaries and high-grade men. Illinois, for example, has a salary scale ranging from twenty-five hundred dollars to more than five thousand, the average being about thirty-six hundred dollars. As a result it is able to recruit its agents entirely from the ranks of farmers who have had five years or more of successful agricultural experience after graduation from college.

FEDERAL APPROVAL OF EXTENSION PROGRAMS

As under all the more recent subsidy laws, each coöperating state is required to submit for federal approval a detailed program of work. The office of coöperative extension work of the Department of Agriculture passes on state plans and inspects state activities. For inspectional purposes the country has been divided into four sections, each containing about twelve states. Fifteen federal agents, two of them colored men assigned to Southern territory, visit the state agricultural colleges, examine state accounts and other state records, and make flying trips into the field. Eleven specialists in various phases of agriculture are attached to the office of coöperative extension work, and from time to time they also visit the states. The federal agents spend a short while in each state about three times per year, and soon become familiar with the strong and weak points of state administration. They are therefore in a position to insist that faulty state plans be altered and that unsatisfactory state standards be bettered.

But they never do insist, nor do their superiors at Washington. Instead, the office of coöperative extension work resorts to persuasion. It suggests improvements instead of demanding them; it never withdraws federal funds except for obvious failure to comply with the letter of the law. This method may bring results more slowly than direct action, but it brings about a closer understanding with the states than would otherwise be possible.

The first "county agent," serving a single county and paid in part with local funds, was appointed in 1906. The movement spread rapidly, but it was not until 1914 that Congress coördinated the work by passing a statute known as the Smith-Lever Act.[1] The funds appropriated under this law have been supplemented by large additional federal grants for agricultural extension work, but though the federal subsidy has increased rapidly it has failed to keep pace with state and county appropriations.

The table on the following page shows the growth of extension work funds by sources since 1915.

THE RESULTS OF EXTENSION WORK

The purpose of agricultural extension work is to induce the rural men and women of America to adopt better methods of farming and better methods of home management. The only satisfactory test of the effectiveness of this work, therefore, is the number of people who adopt improved farm or home practices because of the direct or indirect effect of the extension service. A number of studies were made recently in different sections of the country by federal representatives, in coöperation with state officials, to determine whether the county agent had been a vital force in the lives of

[1] 38 Stat. L. 372.

GROWTH OF FUNDS FOR COÖPERATIVE AGRICULTURAL EXTENSION WORK, BY SOURCES

Year	U. S. Department of Agriculture		Smith-Lever	
	Farmers' coöperative demonstration work	Other bureaus	Federal	State
1915	$905,782.00	$105,168.40	$474,934.73	$.....
1916	900,389.92	165,172.01	1,077,923.73	597,923.73
1917	958,333.87	185,893.15	1,575,054.38	1,095,054.38
1918	3,900,406.30 *	507,282.95	2,068,066.29	1,588,066.29
1919	5,564,839.70 *	935,373.64	2,538,828.04	2,058,828.04
1920	1,021,091.39	406,020.96	4,464,344.36	3,984,344.36
1921	1,025,083.33	435,046.70	4,974,048.50	4,494,048.50
1922	1,007,263.48	209,540.93	5,510,349.45	5,030,349.45
1923	1,004,729.29	275,532.24	5,820,816.89	5,340,816.29
1924	991,900.82	234,320.98	5,859,605.01	5,379,605.01
1925	962,390.34	228,856.67	5,879,083.89	5,399,083.89
1926	967,166.73	29,377.72 †	5,879,183.10	5,399,183.10

Year	State and college	County	Other	Total
1915	$1,044,270.38	$780,331.79	$286,748.55	$3,597,235.85
1916	872,733.90	973,251.56	276,786.09	4,864,180.94
1917	832,114.16	1,258,296.14	244,873.55	6,149,619.63
1918	881,091.25	1,863,632.29	494,219.38	11,302,764.75
1919	901,828.49	2,291,209.30	370,653.29	14,661,560.50
1920	1,244,465.72	2,865,739.87	672,073.26	14,658,079.92
1921	1,549,897.30	3,293,566.38	1,020,557.61	16,792,248.32
1922	1,497,379.71	2,972,740.71	954,127.91	17,181,751.64
1923	1,712,766.53	3,420,000.81	910,182.35	18,484,845.00
1924	1,696,878.21	3,883,185.02	1,036,529.99	19,082,025.04
1925	1,978,746.89	3,893,814.16	990,395.56	19,332,371.40
1926	2,113,369.94	3,996,614.08	1,036,557.46	19,485,492.81

* Includes emergency funds.
† Until 1926 funds from other bureaus were included under this heading.

rural people; whether his work had actually resulted in the abandonment of old methods and the adoption of new. To obtain this information house to house canvasses were made in eighteen counties of eight states, situated in every section of the country. Nearly seven thousand farms were visited, and from seventy-five per cent of them came the report of improved practices, the average number of changed methods being more than three per farm.[1]

This is an astonishingly fine record, and reflects great credit on the men directing the extension movement. But it cannot be taken at quite its face value. Seventy-five per cent represents the proportion of farms affected in *selected* counties rather than in the country as a whole. Federal and state bulletins reporting the survey speak of the counties selected as "typical" counties, but it is an open secret that a number of the counties selected were far above the average. Seventy-five

[1] *Bulletin No. 319*, Georgia State College of Agriculture, 1926; *Extension Circular No. 221*, College of Agriculture, University of Arkansas; *Extension Bulletin No. 50*, New Jersey State College of Agriculture; *Bulletin No. 1384*, United States Department of Agriculture.

per cent is undoubtedly too high. In some parts of the United States the percentage could be placed even higher—eighty or eighty-five; but in other sections a much lower figure would be nearer the truth. Whatever the real average for the nation, however, there can be no doubt that agricultural extension work has been of very great value to the rural population.

Highways

Federal aid for highways was first offered to the states in 1916. The amount appropriated in that year has since been increased many times, and today the annual appropriation is seventy-five million dollars—more than all other forms of federal aid combined. This money is used to stimulate state highway construction and to insure the adoption by the states of proper methods and suitable materials. "Only such durable types of surfaces and kinds of material shall be adopted for the construction and reconstruction of any highway . . . as will adequately meet the existing and probable future traffic needs and conditions thereon." [1]

THE EXTENT OF FEDERAL RESPONSIBILITY

When a road has been built, the financial obligation of the federal government ceases. The state is expected to make needed repairs and to keep it in good condition without the assistance of federal funds. Yet the federal government does not hesitate to insist that highways maintained at state expense must be maintained according to federal standards. "If at any time the Secretary of Agriculture shall find that any road in any state constructed under the provisions of this Act is not being properly maintained he shall give notice of such fact to the highway department of such state and if within four months from the receipt of said notice said road has not been put in a proper condition of maintenance then the Secretary of Agriculture shall thereafter refuse to approve any project for road construction in said state, or the civil subdivision thereof, as the fact may be, whose duty it is to maintain said road, until it has been put in a condition of proper maintenance." [2] This provision has had a most salutary effect upon dilatory state highway departments. It has since been amended so as to permit the Secretary of Agriculture to make suitable arrangements for repairing consistently neglected roads, charging the cost of such repairs against the offending state's allotment.

METHODS OF FEDERAL SUPERVISION

The Bureau of Public Roads, which administers the highway subsidy, keeps in close touch with the state highway departments. It has divided the country into eleven districts for inspectional purposes, and in each division is a federal district engineer, empowered to pass upon all matters except those of the greatest importance, which must be submitted to Washington for approval. There is also a federal engineer assigned to each state, and directly responsible to the engineer in charge of his district. He has one or more trained engineers to help him—as many as six in some states.

Under other subsidy laws the cooperating state agencies must submit each year programs of work for federal approval. But annual programs do not suffice to meet the requirements of the federal road acts. For every section of highway to be built in part with federal funds a vast amount of detailed information must be sent to the Bureau

[1] 42 Stat. L. 212.

[2] *Ibid.*

of Public Roads. The exact route of the project, the nature of the construction, type of paving, grades, estimated cost—all these data are required. Proposed routes are examined by federal engineers. When bids are considered for highway construction on which federal money is to be spent, representatives of the federal government are usually present. They cannot accept or reject a bid; that matter is in the hands of the state officials. But since they may refuse to permit the expenditure of federal funds, their opinions are certain to receive respectful attention.

STATE MUST TAKE INITIATIVE

Expenditures for every project are originally made by the state. It is then partly reimbursed by the federal government at the end of each month, after federal inspectors have approved the status of the work. Completion of a project does not mark the end of federal inspection, however. Every foot of the seventy-one thousand miles of highways so far built under federal aid [1] is covered twice a year by federal inspectors, and in this way maintenance requirements are enforced.

FEDERAL INSPECTION

The method of inspection used by the Bureau of Public Roads is obviously a very different thing from the system employed by the other bureaus administering subsidy laws. Engineers of the Bureau of Public Roads examine every specification, and visit every project. It would be impossible for the representatives of the Extension Service to visit every county and pass judgment upon the work of every county agent. The subsidy for extension work would soon be eaten up by the excessive cost of administration. Agents of the Federal Board for Vocational Education could not hope to enter the doors of every school receiving federal aid for vocational education. If they did, administrative expenses would soon equal the grant to the states. So they must resort to sampling—visiting "typical" schools, seeing "typical" extension groups, observing "typical" child health demonstrations. And all too often these schools, extension groups, child health demonstrations and the like are just as "typical" as the state director wishes them to be, and no more so.

But the Bureau of Public Roads is in a very different position, and it takes the fullest advantage of its opportunity. For one thing, the very nature of the work makes complete inspection easier. Then, too, the Bureau has a vast amount of money at its command. Every year it devotes a million and a half dollars to inspectional purposes. And then it is spending only two per cent of the annual grant to the states for highway construction!

SELECTION OF A SYSTEM OF MAIN HIGHWAYS

An act passed by Congress in 1921 made a number of important changes in the original plan of federal aid. One of the most significant provisos of this statute was that federal and state-matched funds should be used within each state for the construction of a connected system of main highways limited to seven per cent of the state's total road mileage. Only after a state's entire system of main thoroughfares was complete might it use federal money to build other roads. Shortly after the passage of this act each state highway engineer was asked to designate the roads in his state which ought to be included in the federal system, and the Bureau of Public Roads then coördinated the highways selected—

[1] As of June 30, 1928.

totalling in length more than one hundred and eighty-seven thousand miles —into a complete federal-aid system. Practically every community in the United States with a population of not less than five thousand is reached directly by this great network of roads.[1]

FEDERAL STAFF UNDERPAID

The Bureau of Public Roads is seriously handicapped by the low salary schedule fixed for federal highway engineers. The federal men are paid considerably less than engineers of equivalent rank in the service of the more progressive states, and as a result some of them transfer their allegiance to state highway departments. The chief of the Bureau of Public Roads, whose duty is to supervise the highway programs of all the states, receives a smaller salary than many a state chief highway engineer. And yet the federal government manages to retain a large number of highly capable men. It is generally agreed that the federal engineers compare favorably with the highway engineers of the leading states. Their faithfulness should be rewarded with substantial salary increases.

THE BASIS OF APPORTIONMENT

Unlike most of the subsidies, which are distributed among the states according to population—total, urban or rural—the federal grant for highways is apportioned on a three-fold basis. The law provides for distribution of federal funds "one-third in the ratio which the area of each state bears to the area of all the states; one-third in the ratio which the population of each state bears to the total population of all the states, are shown by the latest available federal census; one-third in the ratio which the mileage of rural delivery routes and star routes in each state bears to the total mileage of rural delivery routes and star routes in all the states."

[1] *Yearbook* of the Department of Agriculture, 1924, p. 103.

The National Guard

The first federal subsidy to the states for the support of their militia was made in 1808.[2] No attempt was made, however, to regulate the expenditure of this grant nor to determine whether state troops were armed, equipped and trained with any regard to reasonable standards of efficiency. The result may well be imagined. While the forces of a few commonwealths were properly equipped and well drilled, in the large majority of the states the militia consisted of men hopelessly ignorant of army fundamentals, commanded by totally incompetent officers of their own choosing, strong in infantry but weak in artillery and auxiliary troops.

THE NATIONAL DEFENSE ACT

Until 1886, however, Congress left militia matters entirely in the hands of the states, contenting itself with appropriating each year small sums for the support of the state forces. But in that year Congress stipulated the minimum number of troops which each state must have in order to qualify for its share of the federal subsidy.[3] Other acts gradually increased federal control, and in 1916 the National Defense Act laid a solid foundation for federal supervision of the state military establishments. This statute has been amended more than twenty times, but it still remains the fundamental law regulating the state forces in their relation to the federal government. Under its provisions the number of men ultimately to be enlisted in the state service is fixed at eight hundred for each

[2] 2 Stat. L. 40.

[3] 24 Stat. L. 401.

member of Congress, and the President is authorized to prescribe the unit or units, as to the branch of service, to be maintained in each state. Officers must meet rigid requirements, and must qualify before a board appointed by the Secretary of War. The number and length of drills, the kind of equipment, even the types of courts-martial to be used by the state forces are prescribed in considerable detail.

LANGUAGE OF LAW MANDATORY

Much of the language of the National Defense Act is mandatory. "The organization of the National Guard shall be the same as that of the Regular Army" (Section 60). "No State shall maintain troops . . . other than as authorized" (Section 61). "The discipline . . . of the National Guard shall conform to the system which is now or may hereafter be prescribed for the Regular Army" (Section 91). It must not be concluded, however, that Congress is forcing its attentions upon unwilling commonwealths. The actual meaning of "shall" in the above sentences is "shall, if a state desires to receive federal aid." But since only one state, Nevada, has been willing to forfeit its share of the federal grant, the military establishments of the states have been worked out according to the federal pattern. It is significant that the word "militia" has been dropped entirely. The state troops are now the units of the National Guard, whose members must swear allegiance to the United States, as well as to their respective states, at the time of enlistment.

The National Guard units are inspected each year by officers of the Regular Army, who determine whether they are armed, uniformed, equipped and trained according to federal standards. Failure on the part of any state to meet federal requirements may be punished by cutting off the offending state from further federal allotments; and although such stringent measures are never resorted to, yet the prospect of losing federal funds is sufficient to keep the states fairly well in line. It may be said that at least they do not openly ignore the standards set by the federal government.

DECENTRALIZED ADMINISTRATION

Unfortunately, no single agency is charged with the administration of the federal subsidy to the National Guard. Instead, control is scattered in such a manner as to make harmonious action almost impossible. Matters of general policy are passed upon by the general staff of the regular army. Most of the details of administration are in the hands of the Militia Bureau of the War Department.

The actual work of inspection is carried on by four hundred and seventy-six officers and about six hundred enlisted men of the regular army, who are assigned to duty with the various units of the National Guard. These men are called instructors rather than inspectors, because it is thought best to place as little emphasis as possible on their inspectional duties. They are responsible to the commanders of their respective corps areas instead of to the Militia Bureau, thus diffusing responsibility still further. The Militia Bureau, according to War Department rulings, is "that bureau of the War Department which is charged with the administration of approved . . . policies for the National Guard,"[1] but its control over National Guard matters is seriously restricted. All its recommendations must be approved by the general staff, and are subject to long and irritating delays. Its relations

[1] War Department General Orders, Number 6, issued March 10, 1926.

with the regular army instructors are indirect, and its problems are made still more difficult by inadequate appropriations. Under the circumstances it is surprising how accurate a picture of conditions in each state the Militia Bureau manages to keep constantly before it.

The "instructors" on duty with the several units of the National Guard have opportunity for very little instructing; most of their time is spent traveling from section to section within their jurisdiction, inspecting equipment and training. Only a few days a year are spent with each section, and occasionally it is found necessary to omit some from the list altogether. Most of the units are rated as satisfactory, less than four per cent failing to meet federal requirements in 1926. Those few states whose units fall below the line are formally warned by the Militia Bureau; but the Bureau is forced to depend in large measure on the corps area commanders for information as to whether conditions have been improved.

The only time that officers of the Militia Bureau come into direct contact with the officers and enlisted personnel of the National Guard is during the summer encampments. Then an excellent opportunity is afforded to observe at first hand the results of the year's training. The National Defense Act provides that every state unit receiving federal funds must participate in at least fifteen days of intensive field training each year, and restricted Congressional appropriations make it necessary to limit the period of actual training to the legal minimum.

TRAINING CAMPS

Ninety-six camps are used by the National Guard; some of them are state property, others are owned by the federal government. Though many of the camps are open for but fifteen days during the year, a number are in constant use throughout the entire summer. An excessive amount of time is devoted to parades and reviews, but intensive work is not forgotten. And during the period of each encampment, while the men are learning something of army fundamentals, the representatives of the Militia Bureau are busily engaged in observing the condition of the different units—their arms, their equipment, and their training. Eighty-five per cent of the enlisted men and an even higher percentage of the officers of the National Guard come to the summer camps each year.

The provisions of the National Defense Act relating to the National Guard were given no real opportunity to function until some time after their passage, because all National Guard troops were drafted into the federal service in August, 1917. After the war came the period of reorganization, handicapped by the natural reaction against all military matters and also by the unfriendly attitude of the labor unions. Enrollment increased steadily until the summer of 1924, however, but since that time it has remained practically stationary. Popular interest in the National Guard has not waned, but niggardly Congressional appropriations have forced the Militia Bureau to curtail enlistments. The table on the following page will show the growth of the National Guard since the war.

The National Defense Act fixed the total strength eventually to be attained by the National Guard at eight hundred men for each member of Congress, but the Militia Bureau has been forced by insufficient funds to keep the enlisted strength down to less than half that number. Drills are limited to the minimum prescribed by law, and practically no new units are recognized.

NATIONAL GUARD STRENGTH 1919–1927 *

Year	Officers	Enlisted men	Total
1919	1,198	36,012	37,210
1920	2,073	54,017	56,090
1921	5,843	107,797	113,640
1922	8,744	150,914	159,658
1923	9,675	150,923	160,598
1924	10,996	166,432	177,428
1925	11,595	165,930	177,525
1926	11,435	163,534	174,969
1927	12,192	168,950	181,142

* Report of the Chief of the Militia Bureau, 1926, Appendix B.

Yet the subsidy to the National Guard amounts to thirty million dollars or more a year—a larger sum than for all other forms of federal aid combined, with the single exception of highways. The growth of the National Guard subsidy is shown below:

PAYMENTS TO THE STATES FOR THE NATIONAL GUARD *

Year	*Amount*
1912	$4,131,190
1913	3,740,713
1914	6,499,952
1915	4,847,744
1916	6,467,522
1917	8,876,195
1918	11,053,562
1919 †	3,774,772
1920 †	2,943,208
1921	17,691,674
1922	22,373,633
1923	22,357,478
1924	26,591,308
1925	29,754,151
1926	30,179,781
1927	31,363,935

* Figures furnished by the Militia Bureau.
† Reorganization period following the War.

STATES DO NOT CONTRIBUTE FUNDS

The National Defense Act is the only recent subsidy law which does not require the states to match federal funds. Under its provisions the federal government bears about two-thirds of the total cost of maintaining the National Guard, the states being required only to provide armories and to make adequate arrangements for the protection and care of the property they receive. Congress is willing to assume this large obligation because it recognizes the importance to the national government of properly equipped, well organized troops ready at short notice to supplement the regular army.

The National Guard, as its name indicates, is for all practical purposes a national organization. It is already far larger than any body of troops needed by the states to preserve order, and units maintained by some of the states are of no conceivable use to them. Such, for example, are the anti-aircraft and field artillery units. The states are performing a national service in maintaining their militia under national regulations, and their proportionate contribution ought to be less than under other forms of federal aid, in which the local interest is paramount.

Vocational Education

Until very recently Americans have had but one concept of education beyond the "three R's"—that obtained through such traditional subjects as mathematics, foreign languages and pure science. We are rapidly recognizing, however, that classical training is of very little use to the average man—the man who never completed the grammar school, or left high school after a single year. Within the last quarter of a century has come a better understanding of educational needs, an understanding that has found expression in new curricula labelled "vocational education." Today the city boy is given an opportunity to master the trade of his choice, and the country youngster is taught the elements of scientific farming. Homemaking has been raised to the dignity

of a science, and its principles are taught to the girls of city and country alike.

DEVELOPMENT OF VOCATIONAL EDUCATION

The rapid development of vocational education during the past decade is in large measure the result of the federal aid first offered the states in 1917. The Smith-Hughes Act of that year provided for a comprehensive system of training in the common, wage-earning employments. Three separate grants were made to the states: one to pay the "salaries of teachers, supervisors or directors of agricultural subjects," another for the "salaries of teachers of trade, home economics and industrial subjects," and a third to be used "in preparing teachers, supervisors and directors."[1] No federal funds might be used for buildings or equipment; the expense of these essentials must be borne by the states. Yet the federal government has not hesitated to pass upon the adequacy of buildings and equipment furnished by the states. And since federal funds for salaries must be matched dollar for dollar by the states or local communities, the federal government exercises supervision over the expenditures of sums considerably in excess of the federal grant.

STATE BOARDS OF VOCATIONAL EDUCATION

The Smith-Hughes Act required each state receiving the federal subsidy to designate or create a state board of vocational education. Some states have designated their boards of education as coöperating agencies; others have created new administrative bodies. These boards are responsible for the expenditure of joint state and federal funds. They formulate plans showing in detail the types of schools and equipment, the courses of study, the methods of instruction and the qualifications of teachers. These projects, originally submitted at the beginning of each year, but now drawn up to cover five-year periods, must be approved by the federal government. In each instance, therefore, the state takes the initiative and sets its own standards, but there is a federal veto.

FEDERAL SUPERVISING AGENCIES

The federal agency which passes upon state plans is the Federal Board for Vocational Education, created by the Smith-Hughes Act. This board, composed of four ex-officio and three appointive members, meets only occasionally to consider major questions of policy. The actual details of administration are in charge of a salaried director selected under civil service regulations. Responsible to him are the chiefs of the four services—Trade and Industrial Education, Agricultural Education, Home Economics Education, and Commercial Education.

No federal subsidy is given to the states for commercial education, and so the chief of this service and his single agent devote their time to making special studies and investigations and to aiding the states in developing commercial education programs. Since the federal home economics appropriation is limited, this service is compelled to rely on two agents to cover the entire country and to inspect the work being done in the states. The Agricultural Education Service, however, has five agents: one who devotes his entire time to the colored schools, and four regional agents, each responsible for conditions in a region comprising about twelve states. The Trade and Industrial Education Service likewise has five agents: four assigned to differ-

[1] 39 Stat. L. 929.

ent regions and one without specific territory who is a specialist in the problems presented by women in industry.

FEDERAL INSPECTION

The regional agents of the Board representing the Agricultural and Industrial Service visit each state about twice a year. Home economics agents, having a greater territory to cover, make fewer visits. The length of an agent's stay depends in large measure upon local conditions. If a state seems to be making an honest effort to maintain high standards, three or four days may suffice to audit its accounts and to make a cursory examination of the manner in which its program is being carried out.

If, on the other hand, a state consistently fails to maintain the standards set by its own officers and approved by the Federal Board, the federal agent's visits are likely to be more numerous and of longer duration. He may even go out into the field and visit some of the schools receiving federal funds, although ordinarily he does so only at the request of the state director or supervisor. Visiting "typical" schools is at best an unsatisfactory method of determining the condition of a state's vocational school system, because in practice it is necessary to rely on the state director to select the "typical" schools. The schools chosen are likely, therefore, to be just as "typical" as the state director desires them to be, and no more so. Fortunately, the federal agents have other means of learning what is being done in the states. One of the most effective ways of finding out the calibre of state teachers, for example, is to visit the teachers' conferences. A few short informal talks with the teachers about their problems suffice to give the experienced agent a reasonably accurate picture of the state program in actual operation.

FEDERAL STAFF INADEQUATE

The federal agents are capable and well-trained, but their task is stupendous. They are even expected to carry on a certain amount of research work each year in addition to visiting the states assigned to them. It is no reflection upon their ability, therefore, to point out that the inspectional work of the Federal Board for Vocational Education is less thorough than the inspectional work of some of the other bureaus administering federal subsidies, notably the Bureau of Public Roads.

The Home Economics Service especially is handicapped, since it is compelled to struggle along with a totally inadequate allotment. Federal aid for home economics was not contemplated by the men who framed the Smith-Hughes Bill; in fact, the home economics section was inserted as a last-minute amendment, and carried with it no additional appropriation. Instead, the amendment merely provided "that not more than twenty per centum of the money appropriated under this Act for the payment of salaries of teachers of trade, home economics, and industrial subjects, for any year, shall be expended for the salaries of teachers of home economics subjects."[1] Therefore the states may, if they choose, omit home economics entirely from their plans. But under no circumstances may they use more than twenty per cent of their trade and industry allotments to further programs of home economics.

FRICTION BETWEEN FEDERAL TEACHERS AND COUNTY AGENTS

In a number of states considerable friction has developed between the teachers of vocational agriculture operating under the Smith-Hughes Act and the county agents functioning under the provisions of the Smith-Lever Act.

[1] Section 3.

These two laws set up two groups of teachers—county agents and high-school teachers of vocational agriculture—to work with the farming population of the nation. The county agent is, after all, a teacher, though his methods are informal and though he makes use of no classroom. His task is to teach the farmers how to produce better crops, and how to dispose of them more successfully. He works not only with the adults, but with the children, whom he organizes into clubs. Pig clubs, corn clubs, and cotton clubs stimulate a spirit of friendly rivalry while they also serve to impress on juvenile minds the importance of scientific methods in agriculture.

The high school teacher of agriculture does much the same work, and frequently with the same people. He does not limit himself to classroom instruction. Like the county agent, he makes use of practical demonstrations and practical problems for his pupils to solve. He is required to do so. The Smith-Hughes Act stipulates that every state plan approved by the Federal Board "shall provide for directed or supervised practice in agriculture, either on a farm provided by the school or other farm, for at least six months per year." When adult farmers attend the evening classes of the high school teacher, they, too, are given practical problems to work out on their own farms under the teacher's supervision.

Since the same people sometimes receive instruction in agricultural methods from two different agencies of the federal government, it is not surprising that misunderstandings and quarrels occur from time to time. The county agent and the high school teacher do not always teach the same thing. Even if they are able to agree upon a program, they frequently fail to reach any agreement as to how credit for the undertaking is to be divided between them. As a result there are occasional disagreements in nearly every state, and in two or three states the lack of coöperation between teachers and agents is so serious that it interferes to a considerable extent with the work of both. Formal agreements and understandings have been drawn up from time to time, but have been of doubtful value. It is said by some that the Smith-Hughes and Smith-Lever Acts are not to blame for this situation, since under their provisions any high school teacher or any county agent should be able to use his entire working time profitably without interfering in any way with the representative of another agency. Those who take this view contend that there is plenty of opportunity for both county agents and high school teachers of vocational agriculture to serve the farm people of this country without friction. Others who have studied the problem, however, place the blame squarely on the two acts. They assert that while it is quite possible for teachers and agents to work together harmoniously, yet it is also a comparatively simple matter for them to interfere deliberately with one another, and then quote the letter of the law in justification. Conditions will not be materially improved, it is said, until one or both laws have been amended.

FEDERAL AID ACCEPTED BY ALL STATES

The proffered federal subsidy for vocational education was accepted by all forty-eight states within a period of ten months after the organization of the Federal Board. Since that time remarkable progress has been made. Under the stimulus of federal aid the number of vocational schools receiving federal funds has increased four-fold, and the number of teachers and enrolled pupils has grown almost as rapidly.

Below is a table showing the growth

of vocational education since the passage of the Smith-Hughes Act:

GROWTH OF FEDERALLY-AIDED VOCATIONAL EDUCATION *

Year	Number of schools †	Number of pupils	Number of teachers
1918	1,741	164,186	5,275
1919	2,039	194,895	6,252
1920	3,150	265,058	7,669
1921	3,877	324,247	10,066
1922	4,964	475,828	12,343
1923	5,700	536,528	14,458
1924	6,817	652,594	16,192
1925	7,430	659,370	17,524
1926	8,051	753,418	18,717
1927	8,696	784,986	18,900

* Figures supplied by the Federal Board for Vocational Education.

† In reports of the Federal Board for Vocational Education the term "reimbursement units" is used instead of "schools," because of the difficulty of framing an accurate and unvarying definition of "school."

Though the federal subsidy for vocational education has mounted rapidly, increasing from less than a million dollars in 1918 to more than seven millions in 1927, state outlays have grown at an equally rapid pace. Every year the states have expended for vocational education two dollars or more of their own money for every dollar they received from the federal treasury. The following table shows how federal payments have increased since 1918:

FEDERAL PAYMENTS TO THE STATES FOR VOCATIONAL EDUCATION *

Year	*Amount*
1918	$823,386.29
1919	1,560,008.61
1920	2,476,502.83
1921	3,357,494.23
1922	3,850,118.79
1923	4,308,885.68
1924	4,832,920.16
1925	5,614,550.14
1926	6,548,567.92
1927	7,184,901.51

* Figures supplied by the Federal Board for Vocational Education.

Vocational Rehabilitation

The duties of the Federal Board for Vocational Education were materially increased in 1920, when it was entrusted with the administration of the newly enacted Vocational Rehabilitation Law. This statute, commonly called the Fess-Kenyon Act, provided for an annual subsidy to the states of one million dollars "for the promotion of vocational rehabilitation of persons disabled in industry or otherwise, and their return to civil employment."[1] For a number of years prior to the passage of the federal law the need for training injured workers had been generally recognized, but only twelve states had made any attempt to devise suitable plans.

WORKMEN'S COMPENSATION LAWS INADEQUATE

In many other states workmen's compensation laws had been relied upon to aid those injured in the course of their employment. It is now generally recognized, however, that workmen's compensation laws are not sufficient. A person who has lost his earning power needs something more than the payment of a small cash sum. He needs to have his earning power restored. In some cases, of course, the injury is so serious that restoration of earning power is out of the question. But such is not usually the case. The skilled mechanic who has lost a leg may be unable to practice his trade again, and yet be quite capable, with suitable training, of earning a comfortable living at another trade,—at shoemaking, perhaps. It has been conservatively estimated that each year eighty-four thousand persons are vocationally disabled in the United States who are unable to pay for rehabilita-

[1] 41 Stat. L. 735.

tion, but who could probably be made independent wage earners. [1]

Moreover, the list of persons in need of vocational re-training is not limited to the victims of industrial accidents. There are thousands of persons disabled by disease or by accidents unconnected with industry who could become self-supporting if properly trained. Recognizing this fact, the Fess-Kenyon Act makes federal funds available for "any person who, by reason of a physical defect or infirmity, whether congenital or acquired by accident, injury or disease, is, or may be expected to be, totally or partially incapacitated for remunerative occupation."

METHODS OF FEDERAL SUPERVISION

Procedure is much the same as under the Smith-Hughes Act. Each state accepting the federal offer is required to designate its vocational education board as the agency to administer the rehabilitation work. State plans are drawn up setting forth in detail plans of procedure, and these plans must be approved by the Federal Board for Vocational Education. The actual details of administration are left in the hands of the states, of course, and federal agents audit state accounts and inspect state work in order to make certain that federal funds are being used satisfactorily. Every dollar of federal money must be matched by a dollar from state or local sources.

Vocational rehabilitation is handled by a separate division of the Federal Board for Vocational Education. A chief and five agents comprise its staff. Each agent is a specialist in some phase of rehabilitation, and is expected to work with any state needing his specialized knowledge. A great deal of time must be devoted to inspection, however, and for inspectional purposes each agent has been assigned a definite group of states, varying in number from eight to twelve. The organization of the division is therefore partly regional and partly functional. Inspection is quite thorough. The agents of the Rehabilitation Division visit each state only once a year, but that single visit is sufficient to keep them well informed concerning the progress of state work. The number of cases handled is comparatively small, and the federal representatives find time to visit many of the disabled persons receiving training. State programs do not always prove satisfactory in actual operation, but the policy of the Federal Board is to raise standards by persuasion rather than by threats. It suggests better methods, points out how weaknesses may be overcome, but seldom announces that it intends to withdraw federal aid.

DEVELOPMENT OF REHABILITATION TECHNIQUE

When the Fess-Kenyon Act became law, only a few pioneers were working in the field of vocational rehabilitation. There was no such thing as standardized procedure. A few states had enacted vocational reëducation laws, and the federal government had obtained some experience through its work with disabled war veterans. But the whole movement was in the experimental stage. Recognizing this fact, the Federal Board made no attempt to set up definite standards for state rehabilitation workers corresponding to its standards for vocational teachers under the Smith-Hughes Act. Instead, it approved every state plan that seemed to give reasonable promise of producing satisfactory results. The years since 1920, however, have witnessed a remarkable development in

[1] Sullivan, O. M., and Snortum, K. O., *Disabled Persons, Their Education and Rehabilitation*, p. 33.

the technique of rehabilitation. The Federal Board is now in a better position to pass intelligently upon the merits of state programs, and many projects which would formerly have met with federal approval are now rejected because they have been tried by other states and found unworkable.

But procedure can never be standardized to the point where a single formula will cover all cases. Rehabilitation is a highly individualized process, totally different in this respect from vocational education. Any two normal boys who wish to become carpenters may be given substantially the same training. But two sightless men who wish to become piano tuners may require very different treatment. One may be a musician; the other may lack even the slightest knowledge of music. One may be intelligent and readily responsive to training; the other may be stupid and quite unresponsive. One may be able to finance himself during a rather extensive training period; the other may have several dependents, and need training that will give him earning power in the shortest possible time. Nor does it follow that a man will make a good piano tuner because he has lost his sight. In some states the tendency is to have but one job for each type of disability, with little regard to aptitude, previous education, individual preference or a host of other relevant factors. The federal agents encourage state administrators to offer each applicant for rehabilitation the widest possible choice of occupations.

DIFFICULTIES OF JUST APPORTIONMENT OF FUNDS

One of the most important and yet most difficult tasks of the state board administering the Fess-Kenyon Act is to find the disabled persons who need its services. Very few incapacitated men and women know anything about rehabilitation; they must be singled out and told of their opportunity to receive training that will make them self-supporting.

Names of prospects are secured in a number of different ways. Those states which have workmen's compensation laws must of necessity keep a complete record of all persons disabled through industrial accidents. In many commonwealths the welfare societies, labor organizations, civic and business clubs report all cases coming to their attention. Some of the state rehabilitation boards make a serious effort to secure wide publicity for their work. They distribute pamphlets and posters, and frequently send stories of actual cases to the newspapers. Motion picture films are also used in at least two states. Public health clinics furnish their share of cases. Unfortunately, however, most of the states do not make the fullest use of these various methods of securing names, and as a result thousands of cases never come to their attention.

Vocational rehabilitation is sometimes defined as the process of fitting a disabled person to engage in remunerative employment, but actually the task is far from finished when the course of training has just been completed. There still remains the important and difficult task of placement. A job must be found for the rehabilitated worker, and he must be given a chance to test his newly-developed skill. Not until he has successfully demonstrated his ability to hold his own in competition with normal men and women over a period of several months can rehabilitation be called complete. And not until then is the case marked as closed upon the state's records.

A few years ago the placement of rehabilitated workers was extremely difficult. Most of the employers who

agreed to hire them let it be clearly understood that they did so in a spirit of charity and not as a strict business proposition. More recently, however, the attitude of employers has undergone a marked change. Thousands of rehabilitated men and women have proved their ability to do thorough work consistently despite their physical handicaps, and in the light of their success it is not easy to regard the employment of reëducated persons as charity.

THE DEVELOPMENT OF REHABILITATION WORK

The development of state rehabilitation work under the stimulus of federal funds has been little short of phenomenal. Although twelve states had enacted some sort of legislation concerning vocational reëducation prior to 1920, only half that number had made any serious attempt to put their laws in force. Within a year after the passage of the Fess-Kenyon Act the number of states carrying on rehabilitation programs worthy of the name had risen to thirty-five. Forty states are now cooperating with the federal government. Federal payments to the states were nine times as large in 1927 as in 1921, but every year state outlays kept well ahead of the federal grant. The following table shows the growth of the federal subsidy for rehabilitation:

FEDERAL EXPENDITURES FOR VOCATIONAL REHABILITATION *

Year	*Amount*
1921	$93,335.72
1922	318,608.12
1923	525,387.24
1924	551,095.56
1925	519,553.31
1926	578,847.33
1927	880,263.00

* Figures supplied by the Federal Board for Vocational Education.

Hygiene of Maternity and Infancy

In the matter of maternal death rates the United States makes an extremely poor showing. Recently compiled figures of maternal mortality show that among twenty-one leading nations the United States stands at the bottom of the list. With regard to infant deaths our record is much better, but still not entirely satisfactory.[1] Small wonder, therefore, that in recent years the need for teaching mothers how to take better care of themselves and their babies during the crucial months before and after birth has received widespread recognition. In 1921 Congress enacted into law a bill providing for an annual subsidy to the states of $1,240,000 "for the promotion of the welfare and hygiene of maternity and infancy."[2] Three-fourths of the states had already placed upon their statute books laws providing for some form of child hygiene work, but only a few had gone beyond the experimental stage. Most of the state child hygiene bureaus were seriously handicapped by inadequate appropriations. The federal offer stimulated state interest and aided materially in putting the state work upon a sound footing.

THE SHEPPARD-TOWNER ACT

The new federal-aid law, commonly known as the Sheppard-Towner Act, followed closely the lines of its predecessors. It required each state legislature to make formal acceptance of the federal offer, to match federal funds, and to designate or create a state board empowered to coöperate with the Federal Board of Maternity and Infant Hygiene. This board, set up under the provisions of the act, is composed entirely of ex officio members—the

[1] Figures supplied by Children's Bureau, U. S. Department of Labor.

[2] 42 Stat. L. 224.

Chief of the Children's Bureau of the Department of Labor, the Surgeon General of the Public Health Service of the Treasury Department, and the Commissioner of Education of the Department of the Interior. It meets but three or four times a year.

All the details of administration are in the hands of the Children's Bureau, which has a Division of Maternity and Infancy directed by a physician. Three physicians, two nurses and an auditor comprise the staff of this division. Their headquarters are at Washington, and from there they visit the several states, inspecting state activities and suggesting improvements in state programs. The intention of the Children's Bureau is to send one of its inspectors to every state at least once a year, but this is not always possible. Narrowly restricted Congressional appropriations have prevented the Bureau from securing an adequate number of inspectors, and as a result only four or five days a year are spent in any one state unless exceptional conditions make a longer visit imperative. Frequent changes in state personnel sometimes result in the employment of inexperienced workers, and the burden of training the newcomers frequently falls upon the agents of the Children's Bureau. Under such circumstances a month or even longer may be spent in a single state, with the result that visits to other states must be curtailed.

METHODS OF FEDERAL SUPERVISION

Other federal bureaus administering subsidy laws depend upon their regular field agents to audit state accounts in addition to inspecting state activities. In most cases the agents are not trained auditors, and their examination of state fiscal records is at best perfunctory. The Children's Bureau employs a different plan which might well be adopted more generally. Its agents confine themselves to the task of inspecting state work and making helpful suggestions, leaving the fiscal examination to a trained auditor who visits every state in the course of a year.

This plan has two marked advantages. Not only does it insure a more thorough audit, but it also provides a double check on state activities; for the auditor, though supposed to devote her time entirely to fiscal affairs, is directed to report any matter coming to her attention which seems contrary to federal policy. Aside from the careful audit, federal inspection is not very thorough. This is no reflection upon the agents of the Children's Bureau, who are well trained, dependable workers. The blame must be laid at the door of Congress, whose parsimonious policy has seriously handicapped child hygiene work.

STATES ALLOWED WIDE DISCRETION

The Children's Bureau permits the states a great deal of latitude in framing their plans. No attempt is made to bring about even a semblance of uniformity. Practically every state program submitted for federal approval is accepted in toto unless it contemplates some violation of the law; unless, for example, it provides that federal funds are to be used for the purchase of land or the payment of pensions to mothers, two uses to which the federal subsidy may not be put. The degree of diversity among state plans is not so great as might well be expected, however. Most of the state child hygiene directors are eager to profit by the experience of other states, and to adopt methods which have proved successful elsewhere. Each year the state directors meet in conference initiated by the Children's Bureau, and at these sessions they receive a better understanding of their common problems.[1]

[1] A more complete picture of state work under

"CHILD HEALTH CONFERENCES"

One of the most widely used devices for stimulating local interest in child health work is the "child health conference." Each conference is a demonstration in some community by state physicians and nurses, who travel from section to section of the state, giving free advice, answering questions, and pointing out by means of talks and motion pictures the importance of safeguarding child health. In many of the states child hygiene nurses are assigned temporarily to the local communities to stimulate interest. Other states follow a somewhat different plan, making use of nurses who direct entire public health programs, devoting only a portion of their time to maternity and infancy work. When the demonstration period is at an end many communities are so impressed with the value of the service that they decide to finance it permanently with local funds.

OPPOSITION OF PRIVATE PRACTITIONERS

During the early stages of the child hygiene movement a great deal of opposition was encountered from private practitioners, who feared that the public doctors and nurses might become serious competitors. Several years have passed since the inception of public programs, but even yet the fear has not been entirely dispelled. The American Medical Association is still conducting an active anti-federal-child-hygiene campaign. The average physician has long since discovered, however, that public child health work is designed to increase his practice rather than to interfere with it. Doctors and nurses paid in part with Sheppard-Towner funds are scrupulously careful not to prescribe remedies. They do not cure physical defects. Instead they teach the importance of proper hygiene, and when medical treatment becomes necessary they recommend a visit to the family physician.

SUPERVISION OF MIDWIVES

One of the most important phases of maternity work is the regulation and supervision of midwives. A surprisingly large number of children are ushered into the world by midwives; in some states at least half of the births are unattended by physicians. The seriousness of this situation is obvious when it is understood that most of the midwives are ignorant, untrained women, highly superstitious and without the faintest conception of the elementary rules of hygiene. They do not even appreciate the value of cleanliness.

There are, of course, some very competent women among the professional midwives. In Pennsylvania, New York and some other states many of them are graduates of midwifery schools. But in parts of the South conditions are abominable. The midwives are chiefly negroes, who frequently rely upon the semi-savage rites of slavery days. How to fit them to practice their calling is a problem of considerable magnitude. Classes have been formed in many states, and the rudiments of maternal hygiene have been taught to hundreds of women. Laws prohibiting them from practicing cannot be satisfactorily enforced. In fact, such laws are undesirable, for in many sparsely-settled communities there are no physicians, while in other sections are thousands of families too poor to pay for medical attention.

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the Sheppard-Towner Act is given in Macdonald, Austin F., *Federal Aid*, pp. 215–21. See also the reports made to the League of Women Voters by the American Child Health Association and the Maternity Center Association. These reports are reprinted in abridged form in the Congressional Record, 70th Cong., 1st Sess., May 29, 1928.

The solution of the problem is not the elimination of the midwife, but stricter regulation and more adequate training.

WISELY ADMINISTERED, BUT BITTERLY OPPOSED

The Sheppard-Towner Act was passed by an overwhelming vote in both houses of Congress. No other federal aid statute received so large a majority, or escaped with so little criticism.[1] No other subsidy law has been administered with so great regard for the opinions and wishes of state officials, or with so sincere a determination to avoid offending local pride. If any error has been made in the administration of the Sheppard-Towner Act, it has been the sacrificing of federal standards in order to retain the good will of the states.

And yet, curiously enough, the opponents of federal aid have singled out this law as the special target for their attacks. Maliciously or through ignorance, they have repeatedly misrepresented it. They have pictured the officials of the Children's Bureau as a conscienceless group of spies, forcing their way into private homes and compelling parents to raise their children according to prescribed federal formulas. "The child belongs to the parents!" has frequently been a slogan in the fight against the child hygiene movement. A true statement, surely, but quite irrelevant. Even well informed persons do not know what is being done by the states with the aid of federal funds. In the November, 1923, issue of the *Illinois Law Review* an editorial declared that the Sheppard-Towner Act "provides for the pensioning of and rendering monetary aid to indigent mothers."[2] This statement should be compared with the exact words of the law, which are to the effect that federal and state-matched funds may not be used "for the payment of any maternity or infancy pension, stipend or gratuity."[3] When the foes of the subsidy system decided to attack its constitutionality, they selected the Sheppard-Towner Act as most likely to meet the disfavor of the Supreme Court. The opposition to continuance of federal aid for child hygiene had become so pronounced by 1927 that in the spring of that year its friends in Congress were obliged to accept a two-year extension, until June 30, 1929, with the proviso that after that date the subsidy would be discontinued. Whether a future Congress will reverse this policy and extend the federal grant beyond the 1929 limit is problematic.

[1] *Congress Record*, v. 61, pt. 4, p. 4216 (Senate vote), and v. 61, pt. 8, p. 8037 (House vote). The National Defense Act of 1916 received almost unanimous support from both parties, but it was primarily a measure designed to strengthen the army at a time when war seemed inevitable. Its subsidy feature was of minor importance.

[2] Vol. 18, p. 204.

[3] Section 12.

PART III

CONCLUSIONS

FEDERAL aid is one of the most controversial subjects before the American people at the present time. Although the system has been warmly defended by staunch adherents, it has been attacked with equal vigor by determined opponents. It has been pictured by some as an instrument for accomplishing great ends, and by others as a practice leading to "the gradual breaking down of local self-government in America." [1] Charges have been made and denied of unreasonable federal interference in state affairs, of attempts to secure excessive standardization, of political manipulations destructive of sound administration.

This partisan discussion has tended to obscure rather than to make clear the real facts concerning federal aid. A definite, impartial investigation of the effects of the subsidy system ought, therefore, to possess some value. Such an investigation this committee has attempted to make. Its conclusions are based chiefly upon first-hand material.

SUMMARY OF CONCLUSIONS

The committee desires first to record its belief that federal aid to the states is a sound principle of administration, and ought to be continued. This statement, however, does not imply an unqualified endorsement of every feature of the subsidy system. On the contrary, it seems that certain phases of the system, referred to on other pages of this report, [2] might profitably be altered. The reasons that have led the committee to accept the principle of federal aid are set forth below:

1. *Federal aid has stimulated state activity.*—Of this fact there can be no doubt. Figures showing the growth of vocational education, agricultural extension work and other functions subsidized with federal money have already been presented in this report. In every instance the granting of federal funds has marked the beginning of a new era of state activity. The number of states engaged in civilian rehabilitation tripled within a year after the passage of the Fess-Kenyon Act. Agricultural extension work was unknown until it was introduced as an experiment by the United States Department of Agriculture. The opinions of the state directors administering the various subsidy laws furnish further evidence. At the present time there are three hundred and six state officials whose duty it is to coöperate with the federal government under the provisions of the seven federal-aid statutes described above. Two hundred and sixty-four of these men and women—state directors of extension work, state foresters, state highway engineers, state adjutants general, and the like—were asked recently if federal funds had stimulated their state programs. [3] Two hundred and forty replied emphatically in the affirmative. "Without federal aid it would have taken fifty years to bring our state work to the point where it is today," said one. "The federal

[1] Lowden, Frank O., in his Convocation Address, University of Chicago, June, 1921.

[2] Cf. *infra*, pp. 639–641.

[3] Nearly half of these two hundred and sixty-four state officials were interviewed. The remainder filled out questionnaires.

subsidy has not only increased the amount of available funds; it has awakened widespread state interest," was the comment of another.

These replies are typical. They have been selected practically at random. Of the remaining state directors, one was uncertain what reply to make, so that only twenty-three out of two hundred and sixty-four—not quite nine per cent—questioned the stimulating effect of federal aid upon the activities of their states. Numbered among the ninety-one per cent who answered affirmatively were officials of several of the wealthiest and most progressive states of the Union.

2. *Federal aid has raised state standards.*—The two hundred and sixty-four state directors were also asked: "Has federal supervision in any way affected your state standards?" The affirmative replies outnumbered the negative by more than two to one. One hundred and eighty-one said "Yes, raised them materially," or words to that effect; eighty-one said "no;" two were doubtful. This trend of opinion is highly significant, for state officials, like other men and women, are reasonably certain to claim for themselves all credit to which they are entitled. Had they been solely responsible for improved conditions, few of them would have hesitated to say so.

The fact that seventy per cent of the state directors whose opinions were asked, willingly conceded the value of federal supervision indicates that the supervision has accomplished results in at least seventy per cent of the states. There is no doubt that some of the subsidies in some of the states have done very little to better the high standards already set. In the matter of highways, for example, some of the more progressive states insist upon specifications considerably above the minimum acceptable to the federal government. Regardless of federal requirements they would not be satisfied with poorly qualified teachers, inadequately trained nurses, or fire protective systems that failed to protect. But for the large majority of the states (more than seventy per cent, in all probability), federal inspection and advice have proved essential.

It is not necessary to place entire dependence upon the opinions of state directors in determining the effect of federal aid on state standards. The record of state progress following the acceptance of federal aid speaks for itself. In more than one state the college-trained high school teacher of vocational argiculture, for example, paid in part from Smith-Hughes funds, is frequently subordinate to a high school principal who never entered the doors of a college. In more than one state graft and corruption are commonplaces in county road construction, while they play but little part in the building of federal aid highways. In more than one state commercial education, unsubsidized by the federal government, is sadly neglected, while industrial and agricultural training, under the stimulus of federal leadership, are constantly developing higher standards. A comparison of state standards in any field just prior to acceptance of federal aid and three years after acceptance is sufficient to show the effect of the subsidy system upon state administration.

3. *Federal aid has been consistently administered without unreasonable federal interference in state affairs.*—One of the charges most frequently made against federal aid is that it results in federal domination of state activities, that it serves as an excuse for federal bureau chiefs to force their plans and their policies upon unwilling state officials. There seemed to be no better way to determine the truth of such a statement than to ask the men and

women who were allegedly the victims of federal interference.

Accordingly the two hundred and sixty-four state directors, whose opinions on other matters have already been quoted, were asked if the federal government had been guilty of unwarranted intrusion in state affairs. Two hundred and forty-five of them—ninety-two per cent—denied emphatically any federal domination. Three of the remaining nineteen replied: "Occasionally, but not as a general rule." Ninety-two per cent is a very high percentage. It approaches unanimity. Federal officials must have administered the subsidy laws with great tact and skill to have given so little offense. "We disagree on many matters," said one state official. "But the federal government is willing to try to see our viewpoint, and its representatives are always patient and sympathetic. Any one who speaks of federal domination simply doesn't know the facts." Substantially the same words were used by the other two hundred and forty-five.

It is interesting to note that the office of Coöperative Extension Work, administering the Smith-Lever Act, succeeded in escaping entirely the displeasure of the state extension directors. Of the forty-six state directors consulted, not a single one regarded federal supervision in the light of domination. The Federal Board for Vocational Education, in charge of the work under the Smith-Hughes and Fess-Kenyon (Rehabilitation) Acts, and the Children's Bureau, administering the Sheppard-Towner Act, were also given clean bills by state coöperating officials. Four state foresters, however, accused the federal government of undue interference, as compared with twenty-six foresters who approved of the manner of federal supervision. Five state highway engineers thought there was some truth in the charge of federal domination, though thirty-six characterized federal inspection as most reasonable. Ten state adjutants-general complained of federal interference; twenty-seven others scoffed at the notion.

The following table presents the opinions of state directors in convenient form:

The federal bureau receiving the fewest complaints is not necessarily

HAS FEDERAL AID ENCOURAGED FEDERAL INTERFERENCE IN STATE AFFAIRS? *

Class of officials	Number of coöperating states	Number of state directors replying	Number of state directors answering "Yes"	Number of state directors answering "No"	Number of state directors doubtful
State foresters	32	30	4	26	..
Extension directors	48	46	0	46	..
Highway engineers	48	41	2	36	3
Adjutants-general	47	37	10	27	..
Directors of vocational education	48	35	0	35	.
Directors of vocational re-education	40	35	0	35	..
Child hygiene directors	43	40	0	40	..
	306	264	16	245	3

* Table prepared from information contained in Macdonald, Austin F., *Federal Aid.* This volume contains a complete analysis of the replies of state officials.

entitled to the highest commendation. Every bureau administering a subsidy law has two important tasks. One is to gain and hold the confidence of the states, taking care not to offend local pride. The other is to maintain minimum federal standards in every cooperating state.

To some extent these duties are conflicting. The bureau that places undue emphasis upon standards and shows itself unwilling to wait with some degree of patience for signs of improvement is likely to encounter the wrath of state officials. On the other hand, the bureau that seeks to gain the confidence of the states at any cost may find it necessary to overlook conditions that should be corrected. Somewhere between these two extremes is the much-talked-of happy medium which makes state directors happy without depressing the advocates of higher standards. The Federal Board for Vocational Education and the office of Coöperative Extension Work have erred, if at all, on the side of undue leniency. The Children's Bureau has seemingly placed too great emphasis on the importance of state freedom from federal supervision, though its attitude has doubtless been made necessary, at least in part, by the bitter opposition to the Sheppard-Towner Act. The Bureau of Highways, with a splendid record of careful inspection, has made but few enemies. The Forest Service has likewise escaped excessive criticism, though its supervision of state activities has been very thorough.

Least successful has been the Militia Bureau. More than half of the total number of complaints are registered against the administration of the National Defense Act, while federal inspection of National Guard units has left much to be desired. It is only fair to the Militia Bureau to point out, however, that most of the slipshod inspection has been directly traceable to its lack of control over the so-called federal "instructors," while most of the criticisms of state adjutants-general have been directed, not against the Militia Bureau, but against the general staff. It is believed that state objections would largely cease and that federal inspection would be greatly improved if the general staff were divested of most of its control over National Guard matters, with a corresponding increase in the authority of the Militia Bureau.

The widespread belief that the federal government interferes with state affairs is due in part to the fact that many state directors protect themselves from the effects of local politics by shifting responsibility to the federal government. Many a state extension director, adjutant general or highway engineer finds that pressure is constantly brought to bear on him to relax standards; to appoint some incompetent whose chief asset is a host of influential friends; or to approve the selection of an improper highway route as a matter of "courtesy" to some politician. But for federal aid, the state director would be forced to stand on his own feet or else bow to political pressure. The subsidy system, however, makes it easy for him to shift responsibility. "I'm sorry, boys," is likely to be his reply, "but if I did what you ask the federal government would never approve our plans." To his friends he freely confesses the value of federal aid as a shield against the onslaughts of the spoilsmen. Federal bureau chiefs can withstand the pressure brought by state politicians much better than can state directors. Washington is a long distance from Jefferson City, Madison or Montgomery. But every instance of this sort gives rise to the belief that the federal government is interfering in matters of purely state concern, and

that it is imposing its will upon reluctant state directors. Some of the federal bureau chiefs do not object to appearing in a false light, since the maintenance of high standards is thereby made easier. Others are inclined to resent the unwillingness of many state directors to accept responsibility.

4. *Federal aid has accomplished results without standardizing state activities.*—Any administrative device that attempts to treat the United States as a homogeneous unit, without varying local needs and varying local problems, is foredoomed to failure. This country is so vast that methods well adapted to one section may prove totally unsuitable for another. Recognition of this fact has been in large measure responsible for the successful development of the subsidy system. The federal aid statutes make no attempt to set up uniform procedure. The Federal Highways Act of 1921, for example, provides that "only such durable types of surface and kinds of materials shall be adopted for the construction and reconstruction of any highway . . . as will adequately meet the existing and probable future traffic needs and conditions thereon."[1] But no attempt is made to define "durable;" the exact meaning of that word will of necessity vary widely from state to state. A durable road in Montana would prove short-lived indeed under the pounding of New York's traffic. The Clarke-McNary Law of 1924 authorizes federal coöperation with any state whose "system and practice of forest fire prevention and suppression . . . substantially promotes" the protection of timbered land.[2] But there is nothing to indicate the kind of system that "substantially promotes" fire protection.

So it is with all the federal aid laws. In every case the chief of the federal bureau administering the statute is entrusted with the duty of determining whether state plans are adequate, whether they provide for durable roads or properly trained teachers, and whether they substantially promote the interest of the states and of the nation. And it has already been pointed out that the federal bureau chiefs issue no *ex-cathedra* pronouncements for the benefit of the state directors with whom they cooperate. Instead, the fullest recognition of local needs is insured by permitting state officials to formulate their own plans, and minimum federal standards are maintained by means of the federal veto—a veto but seldom used except with regard to minor details.

5. *Federal administration of the subsidy laws has been uninfluenced by partisan politics.*—The chief of every bureau administering federal aid has been chosen without regard to partisan considerations. Every one had years of experience in the federal service or in the service of some state before becoming chief of a bureau. The director of the Federal Board for Vocational Education was for years one of the agents of the Board. The chief of the Forest Service has been connected with the Service for twenty-three years. The chief of the Bureau of Public Roads resigned as highway engineer of the state of Iowa to accept the offer of the federal government. The staffs of all the bureaus are similarly free from political influence. They are chosen under civil service regulations, and while those regulations have not always operated to secure the best-trained, most desirable men and women, they have certainly succeeded in eliminating incompetents selected at the behest of professional politicians.

6. *Federal aid has mitigated some of the most disastrous effects of state politics.*—No one would seriously contend that

[1] 42 Stat. L. 212, section 8.

[2] 43 Stat. L. 653, section 2.

partisan politics have been eliminated from state administration of the subsidy laws. While some states have earned an enviable reputation for honest, efficient administration, others have become notorious as the happy hunting grounds of the spoilsmen. In a number of states the rehabilitation service has been seriously crippled as a result of political appointments. Child health work has also suffered, though to a lesser extent. A few years ago conditions became so bad in one Mid-Western state that the Bureau of Public Roads was obliged to withdraw all federal aid for a time—a drastic step taken only four or five times by all the federal bureaus combined since the inception of the modern subsidy system in 1911. Very recently an able state forester, appointed because of the insistent demand of the lumber interests, had scarcely assumed the duties of his office when he received from the governor a list of the persons who were to comprise the personnel of the forestry department. These instances, which might be multiplied *ad nauseam*, are sufficient to indicate that all the state coöperating agencies have not escaped the baneful effects of politics.

The representatives of the federal government are well aware of the extent to which partisan considerations determine the policies of certain states, and a great deal of their time is devoted to the task of improving conditions. They do not threaten to cut off all federal funds if state administration is not instantly withdrawn from the field of politics. Such a threat would be tantamount to an announcement of federal withdrawal from all further coöperative relationships, for no state could thus forcibly be led into the path of righteousness. But they do insist that state plans at least measure up to minimum federal standards of efficiency, and that these plans be carried out substantially as approved. It is not federal policy to deal in personalities. A federal bureau chief will not demand the resignation of any person in the state service,[1] but he may insist that someone better qualified be assigned to the coöperative work. Or, if his policy is less aggressive, he may accept without complaint the appointment of a group of incompetents, and direct federal agents to teach the newcomers the essentials of their jobs. In more than one instance state employees have received most of their training from agents of the federal government. But whatever the method adopted, the effect of federal influence has been to produce more competent workers in the less progressive states. Federal aid has not eliminated state politics but it has certainly mitigated the evils of partisan administration.

7. *Federal aid has placed no unreasonable burden on any section of the country.* —Some statesmen and publicists argue at great length that the subsidy system is unfair to the wealthy, industrial East because it results in a transference of wealth from the rich Eastern states to the less wealthy states of the South and West. They point out that federal aid is apportioned among the states on the basis of population,[2] while the funds in the federal treasury are presumably drawn from the people of the states on the basis of wealth or income. The inhabitants of a rich state pay to the federal government in income and other taxes *far more per capita* than the people of a poor state, but they receive in return in the form of federal aid *exactly the same amount per capita*.

To the opponents of federal aid this arrangement seems inequitable. They contend that the system should be abol-

[1] Note, however, the remarks concerning the Forest Service on p. 631.

[2] The subsidies for road construction and forest fire prevention are, of course, exceptions.

ished because every state does not receive a return proportionate to its contribution to the federal treasury. "No argument can be made for it," declared Governor Ritchie of Maryland in 1925, speaking before the Pennsylvania State Chamber of Commerce, "except that the states which other states carry want the money." [1] Reduced to its simplest terms, the contention of Governor Ritchie and of others who reason along similar lines is that the basis of federal expenditures should be wealth instead of need. If federal funds are collected in proportion to wealth or income, they ought to be paid out, it is claimed, on the same basis. The fact that some states get back more than they contribute, while others receive less, "reflects the indefensible discriminations of the fifty-fifty system."

This reasoning is unique. It runs counter to generally accepted concepts. In theory at least, if not always in practice, governmental revenue systems are based on the principle of ability to pay, as indicated by wealth or income. The burden of government rests, or ought to rest, upon those best able to bear it. But governmental expenditures are everywhere based on need, and not on wealth. The largest schools are, or ought to be, erected in the districts containing the most children, not necessarily in those sections paying the highest taxes.

The greatest expenditures for poor relief are made in the poorest neighborhoods. The acceptance of this principle is virtually universal. Cities spend their revenues where they are most needed, without regard to where they were raised; and the fiscal system of every city results in a transference of wealth from the richer to the poorer districts. The states make large expenditures in the rural sections from funds raised chiefly in the cities. Every large municipality is helping the poorer rural districts to bear the cost of government.

What possible objection can there be, then, to extending the principle of need to the expenditure of federal revenues? To go a step further, what other principle could possibly be applied with any suggestion of fairness? Ought federal judges to be assigned chiefly to the wealthy states on the assumption that most of their salaries are paid by these states? Should the Interstate Commerce Commission devote most of its time to the railroads of the East because so large a part of federal revenues is derived from the New England and Middle Atlantic States? The mere suggestion of such an arrangement is enough to indicate the folly of trying to make federal expenditures bear any relation to the wealth of the states.

Need must be the criterion in determining federal outlays. Population may be a very crude measuring-stick —it may serve but roughly to indicate need. But it does so very much more effectively than the wealth of the several states or the amounts of their income taxes. Federal aid cannot fairly be criticised because it draws from the wealthy and gives to those less able to bear their share of the burden. Every sound governmental fiscal system does the same.

The objection may well be raised that some more accurate means of measuring need should be found. Population bears only a slight relation to any state's need for roads, schools, or county agents. But though population is not an ideal basis for distributing federal funds, it has certain obvious advantages. It is uniform, easily de-

[1] "Federal Subsidies to the States," published by the Pennsylvania State Chamber of Commerce, Harrisburg, Pennsylvania. For an analysis of this and other arguments see Macdonald, Austin F., *Federal Aid.*

termined, and not subject to political manipulations. The committee believes, therefore, that no immediate change should be made in the method of apportioning federal subsidies.

RECOMMENDED CHANGES IN FEDERAL SUBSIDY SYSTEM

Although the committee unqualifiedly indorses the principle of federal aid, believing that the subsidy system has proved a highly effective administrative device, it desires nevertheless to call attention to certain features of the system which ought to be changed in the interest of greater efficiency. Defects found in individual laws, and not characteristic of all federal aid, have already been pointed out and need not here be repeated.

The thoroughness of federal supervision varies greatly from bureau to bureau. Some federal bureaus are familiar with every detail of state work; others are ignorant of much that is done by state officials. Some bureaus establish definite standards of performance which must be met by the states before federal funds are paid out. Others make no attempt to set up standards for the guidance of the states. Some bureaus call the states strictly to account when state practices are discovered at variance with accepted standards. Others are long suffering, accepting virtually any state plan and condoning almost any state practice short of an actual violation of the letter of the law. In plain words, some federal bureaus are doing their task of administration—of inspection and supervision—more carefully and more completely than others.

Apparently there is no good reason why all the federal bureaus administering subsidy laws ahould not adopt the methods of the more successful. Every bureau should become thoroughly familiar with the work of the states. Every bureau should go beyond the strict letter of the law, encouraging those practices which long experience has shown to be satisfactory and discouraging unsound customs. Whether every bureau should set up definite standards of performance is a debatable question. In some work, such as vocational rehabilitation, it may be impossible to set up rigid standards.

Some federal bureaus keep too loose a hand on the reins. Some condone too much and insist upon too little. The chiefs of these bureaus justify themselves, and with some reason, by emphasizing the need for continued cordial relations with the states. They point out that the withdrawal of federal aid from a state might destroy the work of years. And they are undoubtedly correct when they stress the importance of good feeling between federal and state officials. Without good feeling there can be no real coöperation. The error of the bureaus which adopt a liberal, or lax policy is that they assume such a policy to be essential to continued friendly relations with the states. Other federal bureaus administering subsidy laws do far more to raise state standards, and at the same time they retain the good will and respect of the state officials with whom they work. Other federal bureaus exercise a most careful supervision of state activities, and yet escape the charge of domination.

The committee realizes that it is no easy task to steer a middle course—to raise state standards consistently and rapidly and yet to retain state good will. It admits freely that the severing of friendly state relations in an effort to force state progress would be a tragic error. Yet it believes that some of the federal administering bureaus err on the side of laxity, and that they might well profit from the experience of other

federal bureaus which have successfully carried out a firmer policy.

Congressional appropriations to most of the bureaus for administrative purposes are totally inadequate. As a result the federal inspectors are generally underpaid and overworked. Inspection is cursory in many cases simply because funds for more adequate investigations are not available. It is poor policy to give liberally to the states and then to withhold from the federal administering bureaus the money necessary to make certain that federal allotments are not wasted. Congress could make no wiser investment than by increasing the appropriations for the administration of federal aid. It would receive large dividends in the form of more thorough federal inspection and higher state standards of performance.